

SOUTHWESTERN ELECTRIC POWER COMPANY  
Accumulated Deferred Federal Income Taxes  
For the Test Year Ended March 31, 2020

Line No.	(1) Description	(2) Schedule B Reference	(3) Workpaper Reference	(4) Acct Reference	(5) Asset Amt As Adjusted	(6) TY Amt Per Books	(7) Total Adjustment
1	Accumulated Deferred Federal Income Taxes	B-1, ln 20	G-7.4	1900	\$ 46,045,000	\$ 137,387,521	\$ (91,342,521)
2	Accumulated Deferred Federal Income Taxes	B-1, ln 20	G-7.4	2810	(69,882,478)	0	(69,882,478)
3	Accumulated Deferred Federal Income Taxes	B-1, ln 20	G-7.4	2820	(931,185,502)	(1,373,884,554)	442,699,052
4	Accumulated Deferred Federal Income Taxes	B-1, ln 20	G-7.4	2830	(23,806,953)	(34,052,443)	10,245,490
5	Total				<u>\$ (978,829,932)</u>	<u>\$ (1,270,549,476)</u>	<u>\$ 291,719,543</u>
6	Accum. DFIT - Reg assets & liabilities	B-1, ln 22	G-7.4		\$ 377,169,706	\$ 412,675,897	\$ (35,506,191)
7	SFAS #109 Regulatory Assets & Liabilities	B-1, ln 23	G-7.4	182/254	(377,169,706)	(412,675,887)	35,506,181
					<u>\$ -</u>	<u>\$ 10</u>	<u>\$ (10)</u>

Justification for requested adjustment:

Adjust Accumulated Deferred Federal Income Taxes as discussed in the testimony of Mr. David Hodgson.

Based on SWEPCO Response to CARD 4-32

## STAFF PROTECTED EXCESS ADFIT AMORTIZATION

Line #	Description	Protected	Notes
1	Excess Balance 01.01.18	(513,983,014)	Beginning Balance of Remeasurement (See CARD 4-31 Attachment 1)
2	Amortization per books	10,080,455	Ties to AEP's 2018 10K filing with SEC
3			
4			
5	Adjusted Balance 12 31.18	<u>(503,902,559)</u>	
6	Amended Return Remeasurement	-	Adjustment due to amended returns
7	2017 RTP + Reclassifications	16,351,156	Adjustments for 2017 Tax Return True-ups and reclassification entries
8	Amortization per books	8,562,396	Ties to AEP's 2019 10K filing with SEC
9			
10	Adjusted Balance 12.31.19	<u>(478,989,007)</u>	
11	2019 RTP	366,919	Adjustment of 2019 Amortization for Tax Return actuals
12	Amortization per book - Projected	2,542,157	Projected 2020 Amortization per books of \$10,168,626 + 12 times 3 months (Jan-Mar 2020)
13			
14	Projected Adjusted Balance 3 31.20	<u>(476,079,932)</u>	Based on CARD 4-32 ATT 1
		(476,703,078)	Staff adjusted balance after reversing SWEPCO's NOLC ADFIT adjustment

## Staff calculated Protected Excess ADFIT Refund

15	2018 Amort Per Books	10,080,455	Line 2
16	2019 Amort Per Books	8,562,396	Line 8
17	Jan through March 2020 Projected Amort	<u>2,542,157</u>	1/4 of SWEPCO's projected amount of 10,168,626
18	Projected amortization through TYE	21,185,008	
19	Projected Amort. 4/1/2020 through 3/18/2021	<u>9,812,724</u>	SWEPCO estimate 10,168,626 2020 est. 2020 amortization times 11.58 months
20	Projected amortization 1/2018 through 3/18/21	30,997,732	
21	Percent allocated to Texas	36.94%	SWEPCO allocation factor at W/P Schedule B-1.5.17-1
22		11,450,562	
23		1.265823	Gross-up factor
24		<u>14,494,385</u>	Total Protected Excess to be returned to Texas ratepayers

# Walk-Forward of Excess ADFIT

Based on SWEPCO Response to CARD 4-32

Line #	Description	Protected	Notes
1	Excess Balance 01.01.18	(513,983,014)	Beginning Balance of Remeasurement (See CARD 4-31 Attachment 1)
2	Amortization per books	10,080,455	Ties to AEP's 2018 10K filing with SEC
3			
4			
5	Adjusted Balance 12.31.18	(503,902,559)	
6	Amended Return Remeasurement	-	Adjustment due to amended returns
7	2017 RTP + Reclassifications	16,351,156	Adjustments for 2017 Tax Return True-ups and reclassification entries
8	Amortization per books	8,562,396	Ties to AEP's 2019 10K filing with SEC
9			
10	Adjusted Balance 12.31.19	(478,989,007)	
11	2019 RTP	366,919	Adjustment of 2019 Amortization for Tax Return actuals
12	Amortization per book - Projected	2,542,157	Projected 2020 Amortization per books of \$10,168,626 + 12 times 3 months (Jan-Mar 2020)
13			
14	Projected Adjusted Balance 3.31.20	(476,079,932)	Based on CARD 4-32 ATT 1
		(476,703,078)	Staff adjusted balance after reversing SWEPCO's NOLC ADFIT adjustment

## Staff calculated Protected Excess ADFIT Refund

2018 Amort Per Books	10,080,455	
2019 Amort Per Books	8,562,396	
Jan through March 2020 Projected Amort	2,542,157	1/4 of SWEPCO's projected amount of 10,168,626
Projected amortization through TYE	21,185,008	
Projected Amort. 4/1/2020 through 3/18/2021	9,812,724	SWEPCO estimate 10,168,626 2020 est. 2020 amortization times 11.58 months
Projected amortization 1/2018 through 3/18/21	30,997,732	
Percent allocated to Texas	36.94%	SWEPCO allocation factor at W/P Schedule B-1.5.17-1
	11,450,562	
	1,265,823	Gross-up factor
	14,494,385	Total Protected Excess to be returned to Texas ratepayers

## SWEPCO Proposed Percentage Protected Excess Allocated to Texas:

Amortization of Protected Excess ADFIT through Test-year-end	21,561,864
Gross-up factor	1.265823
Grossed-up Amortization of Protected Excess through TYE	26,027,677
SWEPCO Proposed Texas Protected Excess Through TYE	5,245,870
SWEPCO Proposed Texas Protected Excess Percentage Allocation	20.16%

**SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO CITIES  
ADVOCATING REASONABLE DEREGULATION'S FOURTH SET OF REQUESTS  
FOR INFORMATION**

**Question No. CARD 4-32:**

EDIT: Please provide and explain any adjustments, corrections, and any other changes to the balance and amortization of EDIT since January 1, 2018.

**Response No. CARD 4-32:**

See CARD\_4-32\_Attachment\_1.xlsx for a walk-forward of the excess ADFIT balance from the initial balance at 1/1/2018 to the projected balance at 12/31/2020. This walk-forward includes three different adjustments made to the initial balance:

1. The proforma adjustments related to the NOL carryforward as presented in this case and discussed by Company witness Mr. Hodgson. (Lines 3-4, 9, and 13)
2. The Company filed amended returns for years prior to 2017 which resulting in additional ADFIT which was remeasured to 21% and generated additional excess (Line 6)
3. Return-to-Provision true up entries (Lines 7 and 11). There are two types of RTP adjustments. The first relates to the change in the ADFIT to be remeasured at 12/31/2017 due to changes in the 2017 Schedule M's per the return vs. Schedule M's at Provision. The second relates to adjustments to the amortization of excess with the final tax return data.

CARD 4-32 Attachment 1 is available electronically on the PUC Interchange.

Prepared By: Jessica M. Criss

Title: Tax Analyst Prin

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

Southwestern Electric Power  
 Walk-Forward of Excess ADFIT

Line #	Description	Protected	Unprotected	Total	Notes
1	Excess Balance 01.01.18	(513,983,014)	(50,479,142)	(564,462,156)	Beginning Balance of Remeasurement (See CARD 4-31 Attachment 1)
2	Amortization per books	10,080,455	5,947,414	16,027,869	Ties to AEP's 2018 10K filing with SEC
3	NOL Adjustment	194,453,551	(772,113)	193,681,438	Proforma Adjustment for Excess on Separate Return NOL Carryforward
4	Amortization - NOL Excess	(4,221,962)	-	(4,221,962)	Proforma Adjustment for Excess Amortization related to NOL Carryforward
5	Adjusted Balance 12.31.18	(313,670,970)	(45,303,841)	(358,974,812)	
6	Amended Return Remeasurement	-	(252,148)	(252,148)	Adjustment due to amended returns
7	2017 RTP + Reclassifications	16,351,156	(16,231,778)	119,378	Adjustments for 2017 Tax Return True-ups and reclassification entries
8	Amortization per books	8,562,396	21,343,281	29,905,677	Ties to AEP's 2019 10K filing with SEC
9	Amortization - NOL Excess	(4,626,403)	-	(4,626,403)	Proforma Adjustment for Excess Amortization related to NOL Carryforward
10	Adjusted Balance 12.31.19	(293,383,821)	(40,444,486)	(333,828,307)	
11	2019 RTP	366,919	-	366,919	Adjustment of 2019 Amortization for Tax Return actuals
12	Amortization per book - Projected	10,168,626	12,960,348	23,128,974	Projected 2020 Amortization per books
13	Amortization - NOL Excess	(4,777,380)	-	(4,777,380)	Amortization of NOL Excess related to Normalized Assets
14	Projected Adjusted Balance 12.31.20	(287,625,656)	(27,484,138)	(315,109,794)	

net amort 9,794,484

$4,777,380 \div 4 = (1,194,345)$

$10,168,626 \div 4 = 2,542,157$

11,142,298 net thru FYE

36.34%

4,115,965

1.265823

Tx 5,219,084

W/ Sch D-1.5.17.1 5,245,870

nopeco's  
 Tx. Jur.  
 Amt. includes  
 Amort. related  
 to NOLC adjustment

34998 signed  
 proforma

6 7.4 ADPT  
 K93  
 4886

89 2024

## STAFF UNPROTECTED EXCESS ADFIT

Staff Adjustment based on SWEPCO response to CARD 4-32

Line #	Description	Unprotected	Notes
1	Excess Balance 01.01.18	(50,479,142)	Beginning Balance of Remeasurement (See CARD 4-31 Attachment 1)
2			
3			
4			
5	Adjusted Balance 12.31.18	(50,479,142)	
6	Amended Return Remeasurement	(252,148)	Adjustment due to amended returns
7	2017 RTP + Reclassifications	(16,231,778)	Adjustments for 2017 Tax Return True-ups and reclassification entries
8			
9			
10	Adjusted Balance 12.31.19	(66,963,068)	
11	2019 RTP	-	Adjustment of 2019 Amortization for Tax Return actuals
12			
13			
14	Adjusted Balance	(66,963,068)	Excluding amortization related to other jurisdictions
		36.94%	Texas Factor per W/P Schedule 8-1.5.17.1
		(24,736,157)	Texas Share Prior to Gross-up
		1.265823	Gross-up Factor
		(31,311,597)	Total Unprotected Excess to be returned to Texas Ratepayers

**Southwestern Electric Power  
Walk-Forward of Excess ADFIT**

Staff Adjustment based on SWEPCO response to CARD 4-32

Line #	Description	Unprotected	Notes
1	Excess Balance 01.01.18	(50,479,142)	Beginning Balance of Remeasurement (See CARD 4-31 Attachment 1)
2			
3			
4			
5	Adjusted Balance 12.31.18	(50,479,142)	
6	Amended Return Remeasurement	(252,148)	Adjustment due to amended returns
7	2017 RTP + Reclassifications	(16,231,778)	Adjustments for 2017 Tax Return True-ups and reclassification entries
8			
9			
10	Adjusted Balance 12.31.19	(66,963,068)	
11	2019 RTP	-	Adjustment of 2019 Amortization for Tax Return actuals
12			
13			
14	Adjusted Balance	(66,963,068)	Excluding amortization related to other jurisdictions
		36.94%	Texas Factor per W/P Schedule B-1.5.17.1
		(24,736,157)	Texas Share Prior to Gross-up
		1.265823	Gross-up Factor
		(31,311,597)	Total Unprotected Excess to be returned to Texas Ratepayers
	SWEPCO Allocation of Unprotected Excess to Texas	17,337,163	
	Adjusted Balance	66,963,068	
	Percentage allocated to Texas	25.89%	

## Southwestern Electric Power Company

Description	Amount
Texas Unprotected Excess ADFIT	17,337,163
Gross Up Factor (1 / .79)	<u>1.326634</u>
Texas Unprotected Excess ADFIT Reg. Liab.	23,000,070
Protected Excess ADFIT Refund Provision (3/31/2020)	5,245,870
Monthly 2020 Protected Refund Provision Accrual	<u>180,225</u>
April 2020 - March 2021	2,162,705
Total Texas Regulatory Liability Available	<u>30,408,645</u>
Texas Retail Allocation Factor	36.94%
Total Company Amount	<u><u>82,311,412</u></u>



SOUTHWESTERN ELECTRIC POWER COMPANY  
Dolet ADIT

W/P Schedule B-1.S.17.2  
Page 1 of 2

	Description	Regulatory Ratemaking Journal Entries			2020 Base Case Impact
		Account	Debit	Credit	
1	<u>2017 - Pre TCJA</u>				Present as Pro-Forma
	Deferred Tax Asset - NOL	1901001	486,133,877		Tax Dept to include DTA NOL in Rate Base (net of JE #3 below)
	Debt/Equity			486,133,877	
	Entry to reflect total company NOL as of 12/31/17				
2	<u>2017 - Post TCJA</u>				Present as part of GAAP Books
	Regulatory Asset - Protected	2544001	194,453,551		Tax Dept to Present JE in Filing, however, no impact to net rate base as Reg Assets offset deferred tax
	Deferred Tax Asset - NOL	1904001		193,681,438	
	Regulatory Asset - Unprotected	2544001		772,113	\$270,239 relates to SWEPCO TX to be incorporated unprotected excess available to offset Dolet Hills basis
	Regulatory Asset	2544001	63,515,141		--\$270k is estimated, multiply \$772k by SWEPCO TX rate %
	DTL - Regulatory Asset	1904001		63,515,141	
	Entry to reflect remeasurement of NOL and corresponding deficient deferred taxes				
3	<u>2018 thru Q1 2020 Activity</u>				Present as Pro-Forma
	Deferred Tax Asset - NOL	1901001		31,011,387	Tax Dept to include DTA NOL in Rate Base (net of JE #1 above)
	Debt/Equity		31,011,387		
	Entry to recognize NOL utilized 2018 thru end of test period activity.				
4(a)	<u>Revision to Test Year Amortization</u>				Present as part of GAAP Books
	Regulatory Asset - Protected	2544001		4,664,032	Tax Dept to Present JE in Filing, however, no impact to net rate base as Reg Assets offset deferred tax
	Deferred Income Tax Expense	4101001	4,664,032		\$4.6M reduces Income Tax Benefit shown within Cost of Service
		2821001		4,664,032	Amount will be included as reduction to rate base
		2824001	4,664,032		Tax Dept to Present JE in Filing, however, no impact to net rate base as Reg Assets offset deferred tax
		2544001		1,523,431	
		1904001	1,523,431		
	Entry to reflect reduced Amortization of Protected Excess for 12 month test period				
4(b)	<u>Revision to Provision for Refund</u>				Present as part of GAAP Books
		2290019	4,664,032		13,323,230 Protected Refund Change Through Test Year End
		4490019		4,664,032	4,833,196 Texas Protected Refund Change Through Test Year End
		2290019	1,523,431		
		4490019		1,523,431	515,622 Monthly Protected Refund Change
		4101001	1,299,367		187,049 Texas Monthly Protected Refund Change
		2831001		1,299,367	
	Entry to reflect reduced Amortization of Protected Excess for 12 month test period				
5(a)	<u>Revision to Pre-Test Year Amortization</u>				Present as part of GAAP Books
		2544001		5,378,851	
		4101001	5,378,851		Outside of test period, not included in cost of service...
		2821001		5,378,851	
		2824001	5,378,851		
		2544001		1,756,916	
		1904001	1,756,916		
	Entry to reflect reduced Amortization of Protected Excess for activity in 2018 thru Q1 2019				
5(b)	<u>Revision to Pre-Test Year Provision for Refund</u>				Present as part of GAAP Books
		2290019	5,378,851		
		4490019		5,378,851	

19208

0000207

SOUTHWESTERN ELECTRIC POWER COMPANY  
Dolet ADIT

W/P Schedule B-1.5.17.2  
Page 2 of 2

2290019	1,756,916	
4490019		1,756,916
4101001	1,498,511	
2831001		1,498,511
Entry to reflect reduced Amortization of Protected Excess for activity in 2018 thru Q1 2019		

Total Company Rate Base Increase	455,122,490	
Cost of Service Reduction (for test year)	4,664,032	
Provision for Refund (since TCJA)	10,042,883	5,378,851

Responsible Team

Tax Filing  
Tax Filing  
Reg Team  
Reg Team  
Reg Team

Incorporation into Base Case

Balance Sheet Rate Base (net \$455M DTA)  
P&L Cost of Service (tax expense increase of \$4.6M) - protected amortization within test year  
Provision for Refund Expense (decrease by \$10M) - protected amortization within test year  
Balance Sheet reduce non-tax provision for refund of protected excess (\$4.6M)  
Reduce TX Jurisdiction Unprotected available to offset Dolet by \$270k

89208

0000208

1901001 ADFIT-DH

1904001 - SFAS 109

486,133,877 31,011,387

455,122,490

193,681,438

63,515,141

1,523,431

1,756,916

253,916,232

2544001 - SFAS 109

194,459,551

72,113

Prov for Del Taxes

4101001

Prov for Pate Repairs

4490019

63,515,141

4,464,082

1,523,431

5,378,851

4,664,082

1,299,367

5,378,851

1,498,511

12,843,511

1,523,431

4,664,082

5,378,851

1,756,916

243,879,259

ADFIT-SFAS 109

2824001

ADFIT-DH

2831001

10,276,418

4,664,082

5,378,851

10,042,933

1,299,367

1,498,511

2,797,878

ADFIT-DH Prop-Res  
2821001

Accumulated Pate Repairs  
2290019 (610005)

4,664,082

5,378,851

10,042,933

4,664,082

1,523,431

5,378,851

1,756,916

10,276,418

Delta / 6/9/17

31,011,387

486,133,877

455,122,490

pg 210

1901001 ADFIT-OTH 455,122,490

Debt/Equity

455,22,490

1904001 - SFAS 109 - Excess

853,916,232

2544001 - SFAS 109 Excess 243,879,299

109

2824001 SFAS 109 10,042,933

2821001 - ADFIT-OTH

10,042,933

2831001 - ADFIT-OTH

2,797,878

4101001 - Prov. Def Taxes 12,840,811

4490019 Prov. Rate Refund

10,276,418

229,0019 Prov. Rate Refund Inters 10,276,418

pg 211

**SOAH DOCKET NO. 473-21-0538**  
**PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION**  
**STAFF'S NINTH REQUEST FOR INFORMATION**

**Question No. STAFF 9-16:**

Does SWEPCO's proposed pro forma adjustment to use the stand-alone accumulated deferred federal income tax asset related to the NOL carryforward impact the balance of either protected or unprotected excess ADFIT in any way? If so, please provide a detailed explanation and amounts with supporting calculations.

**Response No. STAFF 9-16:**

Yes, the proposed pro forma adjustment to include the accumulated deferred federal income tax (ADFIT) asset related to the separate return NOL carryforward does have an impact on the balance of protected excess ADFIT.

As stated on page 28 of the direct testimony of Company witness Hodgson, a with-and-without test was performed which determined that the NOL carryforward is a result of accelerated depreciation. As the NOL carryforward is a result of accelerated depreciation the excess ADFIT calculated on the NOL carryforward ADFIT balance at the time of the Tax Cuts and Jobs Act would be protected by the normalization rules in the Code. The balance of excess ADFIT related to the NOL carryforward would reduce the overall regulatory liability related to excess ADFIT related to accelerated depreciation.

Exhibit DAH-8 details the journal entries related to the pro forma adjustment for the separate return NOL carryforward and the related excess ADFIT. Journal entry #2 as identified in the exhibit indicates a debit (i.e. reduction) to the regulatory liability of \$194,453,551 (before gross-up) on a total company basis for the initial remeasurement of the ADFIT at the implementation of the 21% tax rate as a result of TCJA. Journal entries 4(a) and 5(a) as identified in the exhibit show the amounts of the amortization of the NOL carryforward excess protected ADFIT during the test year and during the period 1/1/18 until the beginning of the test year respectively. On a total company and tax basis (before gross-up) the ARAM amortization for the NOL carryforward excess protected ADFIT during the test year is \$4,664,032 and for the period starting 1/1/18 until the beginning of the test year is \$5,378,851 for a total of \$10,042,883.

See Staff 9-16 Attachment 1 for the calculations of the test year and cumulative adjustments to protected excess amortization for the NOL carryforward. This schedule shows the amortization per the ARAM for each year and for each loss year.

Prepared By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

**Protected Excess ARAM Amortization  
NOL Carryforward ADFIT**

					Total Thru End of Test Year	Test Year Amortization, Pro Forma to COS
Calendar Year	NOL Year	2012	2016	2017		
2018		(4,255,552)	4	(88,465)	(4,344,012)	-
2019		(4,371,674)	17	(254,746)	(4,626,403)	(3,469,802.02)
Q1 2020		(1,112,644)	(12)	(81,690)	(1,194,345)	(1,194,345)
					<u>(10,164,760)</u>	<u>(4,664,147)</u>

**SOUTHWESTERN ELECTRIC POWER COMPANY  
AMORTIZATION OF PROTECTED AND UNPROTECTED  
EXCESS DEFERRED TAXES  
FOR THE TEST YEAR ENDED March 31, 2020**

Line No.	Description	Test Year Amortization	Test Year Amortization Adjustment	Test Year Amortization As Adjusted	Reference
1	Protected Excess Deferred Taxes:				
2	Liberalized Depreciation	\$8,383,702	(4,664,032)	\$3,719,670	G-7.9a
3	Unprotected Excess Deferred Taxes:				
4	Liberalized Depreciation	0	0	0	
5	Basis Differences	0	0	0	
6	Deferred Accounting	0	0	0	
7	Non-Property Deferred Taxes	0	0	0	
8	Total Unprotected	0	0	0	
9	Total Excess Deferred Taxes	\$8,383,702	(\$4,664,032)	\$3,719,670	
10	<u>Requested Amortization Methodology</u>				
11	Protected - Average Rate Assumption Method (ARAM) pursuant to Section 13001(d) of Tax Cuts and Jobs Act of 2017. Rate Difference reverses as related timing difference reverses.				

related to Pro Forma for  
Separate return NOL - see  
Response to Staff 9-14

↓ w/ Schedule B-1.5.17.2  
je 4/27 pl

**SOUTHWESTERN ELECTRIC POWER COMPANY**  
**ANALYSIS OF EXCESS DEFERRED TAXES BY TIMING DIFFERENCE**  
**FOR THE TEST YEAR ENDED March 31, 2020**

Line No.	Description	Test Year Amortization		Unamortized Balance at Test Year Ended March 31, 2020	
		As Adjusted	Workpaper	As Adjusted	Workpaper
1	<b>Protected Excess Deferred Taxes:</b>				
2	Liberalized Depreciation	<u>\$3,719,670</u>	G-7.6 & G-7.8	<u>\$486,745,961</u>	G-7.4
3	<b>Unprotected Excess Deferred Taxes:</b>				
4	Liberalized Depreciation	0		0	
5	Cost of Removal	0		0	
6	Salvage	0		0	
	Total Depreciation	<u>0</u>		<u>0</u>	
7	AFUDC - Debt	0		0	
8	Capitalized Interest	0		0	
9	Interest (IDB Proceeds)	0		0	
10	Contributions In Aid to Construction	0		0	
11	Repair Allowance	0		0	
12	Taxes Capitalized	0		0	
13	Training Costs Capitalized	0		0	
14	Ad Valorem Taxes Capitalized	0		0	
15	Start-up Expenses Capitalized	0		0	
16	Capitalized O & M	0		0	
17	Regulatory Expenses Capitalized	0		0	
18	Non-Tax Asset	<u>0</u>		<u>0</u>	
17	Total Basis Differences	<u>0</u>		<u>0</u>	
18	Deferred Accounting	0		0	
19	Other Non-Property	<u>0</u>		<u>0</u>	
	Total Other Differences	<u>0</u>		<u>0</u>	
20	<b>Total Unprotected Excess Deferred Taxes</b>	<u>0</u>		<u>0</u>	
21	<b>Total Excess Deferred Taxes</b>	<u>\$3,719,670</u> G-7.9	G-7.6 & G-7.8	<u>\$486,745,961</u>	G-7.4

Acct. 2821001 (341,349)

Acct. 1904001 183,804

Acct. 2824001 341,349

Acct. 2544001 (525,153)

-



**SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO CITIES  
ADVOCATING REASONABLE DEREGULATION'S FOURTH SET OF REQUESTS  
FOR INFORMATION**

**Question No. CARD 4-33:**

EDIT: Please provide the ARAM amortization of the protected EDIT allowed under the Tax Cuts and Jobs Act in 2018 and in 2019.

**Response No. CARD 4-33:**

See CARD 4-32 Attachment 1 Lines 2 and 8.

Prepared By: Jessica M. Criss

Title: Tax Analyst Prin

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO CITIES  
ADVOCATING REASONABLE DEREGULATION'S FOURTH SET OF REQUESTS  
FOR INFORMATION**

**Question No. CARD 4-34:**

EDIT: Please provide the expected ARAM amortization of the protected EDIT allowed under the Tax Cuts and Jobs Act in each year 2020 through 2029 based on current knowledge and assumptions.

**Response No. CARD 4-34:**

See CARD 4-32 Attachment 1 for the projected ARAM amortization of the protected excess ADFIT for years 2020 through 2022. The Company has not projected the ARAM amortization beyond those years so it is not able to provide the information for years 2023 through 2029.

Prepared By: Jessica M. Criss

Title: Tax Analyst Prin

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

**SOAH DOCKET NO. 473-21-0538**  
**PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF  
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

**Question No. OPUC 1-25:**

Please refer to Schedule G-7.4, sponsored by Mr. David A. Hodgson. Please admit or deny that there have been excess deferred federal income tax amounts amortized to owner equity since January 2018. If admit, please provide the total amounts that have been amortized to owner equity accounts up to the most recent amortization.

**Response No. OPUC 1-25:**

Protected excess amortization is calculated using the average rate assumption method (ARAM). The amortization of protected excess under the ARAM begins after the effective date of a tax rate change and at the time book depreciation exceeds tax depreciation on any given vintage of asset additions. For SWEPCO, this amortization began in January 2018.

The Company received orders from its various regulatory jurisdictions on the manner in which to provide the benefits of the amortization of protected excess to its customers for the period beginning January 1, 2018 until the receipt of the orders. The Company was ordered by the PUCT to record a provision for refund for the amortization of excess allocated to Texas customers until such time that this amortization is included in rates. This is discussed in the testimony of Company witness Mr. Thomas Brice. As such, the Company has not recognized a net benefit to owner equity accounts related to the Texas jurisdictional portion of protected excess.

The amortization of unprotected excess is dictated by an order from a regulatory body. The Company's regulators have provided for various periods and methods for which to amortize their customer's share of the unprotected excess balance. The Company has not received an order from the PUCT regarding the amortization of unprotected excess. The Company has proposed in this case to use the Texas jurisdictional share of this balance to offset the unrecovered cost of the Dolet Hills Power Station as described in the testimony of Company witness Mr. Thomas Brice.

Schedule G-7.4 provides the total company ADIT balances for rate base at 03/31/2020. These amounts reflect the remaining unamortized balance of excess ADFIT at a total company level. The unamortized balance of protected excess to return to Texas ratepayers is discussed in the testimony of Mr. David Hodgson.

The Company has amortized \$63,978,331 to the income tax line of the income statement for the period starting January 2018 through September 2020 related to all jurisdictions related to both

**SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF  
PUBLIC UTILITY COUNSEL'S THIRD REQUEST FOR INFORMATION**

**Question No. OPUC 3-11:**

Please refer to the Direct Testimony of Mr. David A. Hodgson, page 24. Please show the computation of how the total amounts of protected EDFIT and unprotected EDFIT, as of January 1, 2018, have been grossed up for the tax effect for purposes of refunding the grossed-up amounts to ratepayers.

**Response No. OPUC 3-11:**

The amounts presented on page 24 of the testimony of Mr. Hodgson are before any gross-up for the tax effect of the refund to customers. The gross-up rate currently applied to the excess ADFIT on the books and records of the Company is 1.3287. The calculation of this rate can be seen in OPUC 3-11 Attachment 1.

Prepared By: Jessica M. Criss

Title: Tax Analyst Prin

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

		Federal Rate = 21%				
Company	State	State Income Tax Rate	State Allocation Factor	Company Effective State Tax Rate	Effective Tax Rate	GROSS-UP FACTOR
SWEPCO	Arkansas	6.5000%	23.9099%	1.554%		
	Louisiana	8.0000%	40.4800%	3.238%		
	Nebraska	5.5800%	0.0231%	0.001%		
	Oklahoma	6.0000%	0.1611%	0.010%		
	Texas	0.7500%	4.2100%	0.032%		
	State Tax Offsets			-0.101%		
				<u>4.734%</u>	24.74%	1.3287

Detail extracted from Provision Subledger Report 52010:

	Gross-Up Rate	Entity Effective Rate
Federal	1.328741	0.21
Federal Offset	1.328741	-0.009944
Arkansas	1.328741	0.015541
Louisiana	1.328741	0.032384
Oklahoma	1.328741	0.000097
Texas	1.328741	0.000316
Nebraska	1.328741	0.000022
Arkansas Offset	1.328741	-0.000502
Nebraska Offset	1.328741	-0.000001
Louisiana Offset	1.328741	-0.000501
Oklahoma Offset	1.328741	-0.000005
		<u>0.247407</u>

SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF  
PUBLIC UTILITY COUNSEL'S THIRD REQUEST FOR INFORMATION**

**Question No. OPUC 3-12:**

Please refer to Schedule G-7.6, sponsored by Mr. David A. Hodgson, Income Tax. Please provide all numerical components of the \$19,555,467 adjustment to the test year amortization of the EDFIT. Please separate each component of the \$19,555,467 adjustment as being related to the unprotected EDFIT or protected EDFIT.

**Response No. OPUC 3-12:**

See OPUC 3-12 Attachment 1.

Prepared By: Jessica M. Criss

Title: Tax Analyst Prin

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

	Protected	Unprotected	Total
Test Year Amortization per Books	(\$8,383,702)	(\$14,891,435)	(\$23,275,137)
Remove Unprotected Amortization	\$0	\$14,891,435	\$14,891,435
Proforma NOL ARAM	\$4,664,032	\$0	\$4,664,032 [1]
Total Adjustments	\$4,664,032	\$14,891,435	\$19,555,467
Test Year Amortization as Adjusted	<u>(\$3,719,670)</u>	<u>\$0</u>	<u>(\$3,719,670)</u>

[1] Exhibit DAH-8

**SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF  
PUBLIC UTILITY COUNSEL'S TENTH REQUEST FOR INFORMATION**

**Question No. 10-3:**

Please refer to SWEPCO's response to OPUC RFI No. 3-10, sponsored by Mr. David A. Hodgson. Please confirm or deny that the Texas jurisdictional protected excess deferred income tax liability of \$121,725,475 is included in the case as a deduction to rate base. If deny, provide an explanation for the exclusion from rate base. If confirm, please provide the rate base line item where this amount has the impact of reducing rate base.

**Response No. 10-3:**

The deduction to rate base for protected excess deferred income taxes is included on Lines 71 and 74 of Schedule G-7.4 on a total, non-jurisdictional basis. These excess ADFIT balances are included in the total ADFIT rate base reduction presented on Schedule B-1.1 Line 27. Schedule B-1.1 Line 27 presents both the total company and Texas jurisdictional rate base reduction from ADFIT.

Prepared By: Jessica M. Criss

Title: Tax Analyst Prin

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr



SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF  
PUBLIC UTILITY COUNSEL'S THIRD REQUEST FOR INFORMATION**

**Question No. OPUC 3-8:**

Please refer to Schedule G-7.9, sponsored by Mr. David A. Hodgson. Please provide the underlying source document and computation of the test year amortization for the protected EDFIT of \$8,383,702.

**Response No. OPUC 3-8:**

See OPUC 3-8 Attachment 1.

Prepared By: Jessica M. Criss

Title: Tax Analyst Prin

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

**SWEPCO**  
**Amortization of Excess ADFIT - PowerTax**

Company	Amortization Type	Excess ADFIT Amortization	
		2019 Activity	2020 Activity
SEP Distr	Depreciation Difference	1,462,069	1,523,915
	Book Overhead	890,599	805,719
	Tax Only	(57,353)	(32,316)
SEP Distr Totals		2,295,314	2,297,318
		Book Depr Allocation	
		39,268,517	39,268,517
		39,233,384	39,233,397

9,145,923	2020 Annual Protected Excess Amortization
8,875,646	2019 Annual Protected Excess Amortization
6,656,734	April - December 2019 Amortization
2,286,481	January - March 2020 Amortization
(559,513)	Amortization Adjustments
8,383,702	Test Year Amortization

Company	Amortization Type	Excess ADFIT Amortization	
		2019 Activity	2020 Activity
SEP Gen	Book Overhead	-	-
	Depreciation Difference	4,943,783	5,107,864
	Book Overhead	140,711	132,056
	Tax Only	(83,297)	(67,098)
	Depreciation Difference	1,774	1,548
	Book Overhead	1	1
	Depreciation Difference	757	660
	Book Overhead	0	0
	Depreciation Difference	-	0
	Book Overhead	1	1
SEP Gen Totals		5,003,719	5,175,032
		Book Depr Allocation	
		121,404,093	121,404,093
		120,026,635	117,917,393

Company	Amortization Type	Excess ADFIT Amortization	
		2019 Activity	2020 Activity
SEP Transm	Depreciation Difference	689,116	711,316
	Book Overhead	419,810	411,337
	Tax Only	(11,827)	(7,700)
SEP Transm Totals		1,097,100	1,114,952
		Book Depr Allocation	
		31,222,280	31,222,280
		31,043,114	31,043,123

Company	Amortization Type	Excess ADFIT Amortization	
		2019 Activity	2020 Activity
SEP TX Distr	Depreciation Difference	1,157,471	1,209,270
	Book Overhead	79,198	81,104
	Tax Only	(36,173)	(21,135)
SEP TX Distr Totals		1,200,496	1,269,239
		Book Depr Allocation	
		22,818,743	22,818,743
		22,797,596	22,797,598

Company	Amortization Type	Excess ADFIT Amortization	
		2019 Activity	2020 Activity
SEP TX Transm	Depreciation Difference	620,676	591,349
	Book Overhead	(41,896)	(36,992)
	Tax Only	1,017	534
SEP TX Transm Totals		579,798	554,891
		Book Depr Allocation	
		19,815,004	19,815,004
		19,814,995	19,815,004

Page 225

**SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF  
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

**Question No. OPUC 1-9:**

Please refer to the Direct Testimony of Mr. Thomas P. Brice, page 7. Please provide the monthly accounting entries made by SWEPCO showing the accumulated balance of the protected excess deferred income taxes from January 2018 to the most recent monthly information available. Please include in your response the total amount of protected excess deferred income taxes referenced as being used to offset the accelerated recovery of Dolet Hills.

**Response No. OPUC 1-9:**

Please see OPUC 1-9 Attachment 1, provided electronically on the PUC Interchange, for the monthly accounting entries for the amortization of protected excess deferred income taxes. A Texas jurisdictional balance of protected and unprotected excess of \$30,408,645 is being proposed to offset the recovery of Dolet Hills as indicated on Exhibit MAB-4. Of this total, \$7,408,575 relates to protected excess ADFIT.

Prepared By: Jessica M. Criss

Title: Tax Analyst Prin

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

	12/31/2017	January Activity	1/31/2018	February Activity	2/28/2018	March Activity
<b>Deferred Tax Rollforward by Month - Report #51052</b>						
<b>2018 Actuals w/ State Tax Data</b>						
<b>SWEP Co Corp Consolidated</b>						
<b>January Through December Current Year Activity</b>						
=====						
1904001 1904001 Acc DFIT-FAS 109 Excess						
960F-XS EXCESS ADFIT 281 - PROTECTED	10,643,788	(4,197)	10,639,591	(4,197)	10,635,394	(4,197)
960F-XS EXCESS ADFIT 282 - PROTECTED	189,879,255	(270,841)	189,608,415	(270,841)	189,337,574	(270,841)
Total 1904001 1904001 Acc DFIT-FAS 109 Excess	200,523,044	(275,038)	200,248,006	(275,038)	199,972,968	(275,038)
=====						
2811001 2811001 Acc DFIT-Accel Amort Prop						
960F-XS EXCESS ADFIT 281 - PROTECTED	(27,282,282)	12,819	(27,269,463)	12,819	(27,256,644)	12,819
Total 2811001 2811001 Acc DFIT-Accel Amort Prop	(27,282,282)	12,819	(27,269,463)	12,819	(27,256,644)	12,819
=====						
2814001 2814001 ADFIT-FAS 109 Exc Acc Am Pr						
960F-XS EXCESS ADFIT 281 - PROTECTED	27,282,282	(12,819)	27,269,463	(12,819)	27,256,644	(12,819)
Total 2814001 2814001 ADFIT-FAS 109 Exc Acc Am Pr	27,282,282	(12,819)	27,269,463	(12,819)	27,256,644	(12,819)
=====						
2821001 2821001 Accum Defd FIT-Util Prop						
960F-XS EXCESS ADFIT 282 - PROTECTED	(486,700,732)	827,219	(485,873,513)	827,219	(485,046,294)	827,219
Total 2821001 2821001 Accum Defd FIT-Util Prop	(486,700,732)	827,219	(485,873,513)	827,219	(485,046,294)	827,219
=====						
2824001 2824001 Acc Def FIT-FAS 109 Excess						
960F-XS EXCESS ADFIT 282 - PROTECTED	486,700,732	(827,219)	485,873,513	(827,219)	485,046,294	(827,219)
Total 2824001 2824001 Acc Def FIT-FAS 109 Excess	486,700,732	(827,219)	485,873,513	(827,219)	485,046,294	(827,219)
=====						
2544001 2544001 Acc DFIT-FAS 109 Excess DFIT						
960F-XS EXCESS ADFIT 281 - PROTECTED	(37,926,071)	17,016	(37,909,054)	17,016	(37,892,038)	17,016
960F-XS EXCESS ADFIT 282 - PROTECTED	(676,579,987)	1,098,060	(675,481,927)	1,098,060	(674,383,868)	1,098,060
Total 2544001 2544001 Acc DFIT-FAS 109 Excess DFIT	(714,506,058)	1,115,076	(713,390,982)	1,115,076	(712,275,906)	1,115,076
=====						
Total 4111001 4111001 FAS109 DFIT Expense						
960F-XS EXCESS ADFIT 281 - PROTECTED	-	(12,819)	(12,819)	(12,819)	(25,638)	(12,819)
960F-XS EXCESS ADFIT 282 - PROTECTED	-	(827,219)	(827,219)	(827,219)	(1,654,438)	(827,219)
Total 4111001 4111001 FAS109 DFIT Expense	-	(840,038)	(840,038)	(840,038)	(1,680,076)	(840,038)
=====						
TX Gross Up Factor		1.32741130		1.32741130		1.32741130

3/30/2018	April Activity	4/30/2018	May Activity	5/31/2018	June Activity	6/30/2018	July Activity	7/31/2018	August Activity
10,631,197	(4,197)	10,627,000	(4,197)	10,622,803	(4,197)	10,618,606	(4,197)	10,614,408	(4,197)
189,066,733	(270,841)	188,795,892	(270,841)	188,525,051	(270,841)	188,254,211	(270,841)	187,983,370	(270,841)
199,697,930	(275,038)	199,422,892	(275,038)	199,147,854	(275,038)	198,872,816	(275,038)	198,597,778	(275,038)
(27,243,825)	12,819	(27,231,006)	12,819	(27,218,187)	12,819	(27,205,368)	12,819	(27,192,549)	12,819
(27,243,825)	12,819	(27,231,006)	12,819	(27,218,187)	12,819	(27,205,368)	12,819	(27,192,549)	12,819
27,243,825	(12,819)	27,231,006	(12,819)	27,218,187	(12,819)	27,205,368	(12,819)	27,192,549	(12,819)
27,243,825	(12,819)	27,231,006	(12,819)	27,218,187	(12,819)	27,205,368	(12,819)	27,192,549	(12,819)
(484,219,075)	827,219	(483,391,856)	827,219	(482,564,637)	827,219	(481,737,418)	827,219	(480,910,200)	827,219
(484,219,075)	827,219	(483,391,856)	827,219	(482,564,637)	827,219	(481,737,418)	827,219	(480,910,200)	827,219
484,219,075	(827,219)	483,391,856	(827,219)	482,564,637	(827,219)	481,737,418	(827,219)	480,910,200	(827,219)
484,219,075	(827,219)	483,391,856	(827,219)	482,564,637	(827,219)	481,737,418	(827,219)	480,910,200	(827,219)
(37,875,022)	17,016	(37,858,006)	17,016	(37,840,990)	17,016	(37,823,974)	17,016	(37,806,957)	17,016
(673,285,808)	1,098,060	(672,187,748)	1,098,060	(671,089,689)	1,098,060	(669,991,629)	1,098,060	(668,893,569)	1,098,060
(711,160,830)	1,115,076	(710,045,754)	1,115,076	(708,930,678)	1,115,076	(707,815,603)	1,115,076	(706,700,527)	1,115,076
(38,457)	(12,819)	(51,276)	(12,819)	(64,095)	(12,819)	(76,914)	(12,819)	(89,733)	(12,819)
(2,481,657)	(827,219)	(3,308,875)	(827,219)	(4,136,094)	(827,219)	(4,963,313)	(827,219)	(5,790,532)	(827,219)
(2,520,114)	(840,038)	(3,360,152)	(840,038)	(4,200,190)	(840,038)	(5,040,227)	(840,038)	(5,880,265)	(840,038)
1.32741130		1.32741130		1.32741130		1.32741130		1.32741130	

8/31/2018	September Activity	9/30/2018	October Activity	10/31/2018	November Activity	11/30/2018	December Activity	12/31/2018
10,610,211	(4,197)	10,606,014	(4,197)	10,601,817	(4,197)	10,597,620	(4,197)	10,593,423
187,712,529	(270,841)	187,441,688	(270,841)	187,170,847	(270,841)	186,900,007	(270,841)	186,629,166
198,322,740	(275,038)	198,047,702	(275,038)	197,772,665	(275,038)	197,497,627	(275,038)	197,222,589
(27,179,730)	12,819	(27,166,911)	12,819	(27,154,092)	12,819	(27,141,273)	12,819	(27,128,454)
(27,179,730)	12,819	(27,166,911)	12,819	(27,154,092)	12,819	(27,141,273)	12,819	(27,128,454)
27,179,730	(12,819)	27,166,911	(12,819)	27,154,092	(12,819)	27,141,273	(12,819)	27,128,454
27,179,730	(12,819)	27,166,911	(12,819)	27,154,092	(12,819)	27,141,273	(12,819)	27,128,454
(480,082,981)	827,219	(479,255,762)	827,219	(478,428,543)	827,219	(477,601,324)	827,219	(476,774,105)
(480,082,981)	827,219	(479,255,762)	827,219	(478,428,543)	827,219	(477,601,324)	827,219	(476,774,105)
480,082,981	(827,219)	479,255,762	(827,219)	478,428,543	(827,219)	477,601,324	(827,219)	476,774,105
480,082,981	(827,219)	479,255,762	(827,219)	478,428,543	(827,219)	477,601,324	(827,219)	476,774,105
(37,789,941)	17,016	(37,772,925)	17,016	(37,755,909)	17,016	(37,738,893)	17,016	(37,721,877)
(667,795,510)	1,098,060	(666,697,450)	1,098,060	(665,599,390)	1,098,060	(664,501,331)	1,098,060	(663,403,271)
(705,585,451)	1,115,076	(704,470,375)	1,115,076	(703,355,299)	1,115,076	(702,240,224)	1,115,076	(701,125,148)
(102,552)	(12,819)	(115,372)	(12,819)	(128,191)	(12,819)	(141,010)	(12,819)	(153,829)
(6,617,751)	(827,219)	(7,444,970)	(827,219)	(8,272,189)	(827,219)	(9,099,407)	(827,219)	(9,926,626)
(6,720,303)	(840,038)	(7,560,341)	(840,038)	(8,400,379)	(840,038)	(9,240,417)	(840,038)	(10,080,455)
	1.32741130		1.32741130		1.32741130		1.32741130	

January Activity	1/31/2019	February Activity	2/28/2019	March Activity	3/30/2019	April Activity	4/30/2019	May Activity	5/31/2019
-	10,593,423	-	10,593,423	-	10,593,423	-	10,593,423	-	10,593,423
(233,619)	186,395,547	(233,619)	186,161,928	(233,619)	185,928,310	(233,619)	185,694,691	(233,619)	185,461,072
(233,619)	196,988,970	(233,619)	196,755,351	(233,619)	196,521,732	(233,619)	196,288,114	(233,619)	196,054,495
-	(27,128,454)	-	(27,128,454)	-	(27,128,454)	-	(27,128,454)	-	(27,128,454)
-	(27,128,454)	-	(27,128,454)	-	(27,128,454)	-	(27,128,454)	-	(27,128,454)
-	27,128,454	-	27,128,454	-	27,128,454	-	27,128,454	-	27,128,454
-	27,128,454	-	27,128,454	-	27,128,454	-	27,128,454	-	27,128,454
713,533	(476,060,572)	713,533	(475,347,039)	713,533	(474,633,506)	713,533	(473,919,973)	713,533	(473,206,440)
713,533	(476,060,572)	713,533	(475,347,039)	713,533	(474,633,506)	713,533	(473,919,973)	713,533	(473,206,440)
(713,533)	476,060,572	(713,533)	475,347,039	(713,533)	474,633,506	(713,533)	473,919,973	(713,533)	473,206,440
(713,533)	476,060,572	(713,533)	475,347,039	(713,533)	474,633,506	(713,533)	473,919,973	(713,533)	473,206,440
-	(37,721,877)	-	(37,721,877)	-	(37,721,877)	-	(37,721,877)	-	(37,721,877)
947,152	(662,456,119)	947,152	(661,508,968)	947,152	(660,561,816)	947,152	(659,614,664)	947,152	(658,667,512)
947,152	(700,177,996)	947,152	(699,230,844)	947,152	(698,283,692)	947,152	(697,336,541)	947,152	(696,389,389)
-	-	-	-	-	-	-	-	-	-
(713,533)	(713,533)	(713,533)	(1,427,066)	(713,533)	(2,140,599)	(713,533)	(2,854,132)	(713,533)	(3,567,665)
(713,533)	(713,533)	(713,533)	(1,427,066)	(713,533)	(2,140,599)	(713,533)	(2,854,132)	(713,533)	(3,567,665)
1.32741130		1.32741130		1.32741130		1.32741130		1.32741130	

June Activity	6/30/2019	July Activity	7/31/2019	August Activity	8/31/2019	September Activity	9/30/2019	October Activity	10/31/2019
-	10,593,423	-	10,593,423	-	10,593,423	-	10,593,423	-	10,593,423
(233,619)	185,227,453	(233,619)	184,993,834	(233,619)	184,760,216	(233,619)	184,526,597	(233,619)	184,292,978
(233,619)	195,820,876	(233,619)	195,587,257	(233,619)	195,353,639	(233,619)	195,120,020	(233,619)	194,886,401
-	(27,128,454)	-	(27,128,454)	-	(27,128,454)	-	(27,128,454)	-	(27,128,454)
(27,128,454)		(27,128,454)		(27,128,454)		(27,128,454)		(27,128,454)	
-	27,128,454	-	27,128,454	-	27,128,454	-	27,128,454	-	27,128,454
27,128,454		27,128,454		27,128,454		27,128,454		27,128,454	
713,533	(472,492,907)	713,533	(471,779,374)	713,533	(471,065,841)	713,533	(470,352,308)	713,533	(469,638,775)
713,533	(472,492,907)	713,533	(471,779,374)	713,533	(471,065,841)	713,533	(470,352,308)	713,533	(469,638,775)
(713,533)	472,492,907	(713,533)	471,779,374	(713,533)	471,065,841	(713,533)	470,352,308	(713,533)	469,638,775
(713,533)	472,492,907	(713,533)	471,779,374	(713,533)	471,065,841	(713,533)	470,352,308	(713,533)	469,638,775
-	(37,721,877)	-	(37,721,877)	-	(37,721,877)	-	(37,721,877)	-	(37,721,877)
947,152	(657,720,360)	947,152	(656,773,209)	947,152	(655,826,057)	947,152	(654,878,905)	947,152	(653,931,753)
947,152	(695,442,237)	947,152	(694,495,085)	947,152	(693,547,934)	947,152	(692,600,782)	947,152	(691,653,630)
-	-	-	-	-	-	-	-	-	-
(713,533)	(4,281,198)	(713,533)	(4,994,731)	(713,533)	(5,708,264)	(713,533)	(6,421,797)	(713,533)	(7,135,330)
(713,533)	(4,281,198)	(713,533)	(4,994,731)	(713,533)	(5,708,264)	(713,533)	(6,421,797)	(713,533)	(7,135,330)
1.32741130		1.32741130		1.32741130		1.32741130		1.32741130	



April Activity	4/30/2020	May Activity	5/31/2020	June Activity	6/30/2020	July Activity	7/31/2020	August Activity	8/31/2020
(16,084)	10,529,086	(16,084)	10,513,002	(16,084)	10,496,918	(16,084)	10,480,833	(16,084)	10,464,749
(234,372)	182,888,251	(234,372)	182,653,878	(234,372)	182,419,506	(234,372)	182,185,134	(234,372)	181,950,761
(250,457)	193,417,337	(250,457)	193,166,880	(250,457)	192,916,424	(250,457)	192,665,967	(250,457)	192,415,510
48,934	(26,932,719)	48,934	(26,883,785)	48,934	(26,834,851)	48,934	(26,785,917)	48,934	(26,736,984)
48,934	(26,932,719)	48,934	(26,883,785)	48,934	(26,834,851)	48,934	(26,785,917)	48,934	(26,736,984)
(48,934)	26,932,719	(48,934)	26,883,785	(48,934)	26,834,851	(48,934)	26,785,917	(48,934)	26,736,984
(48,934)	26,932,719	(48,934)	26,883,785	(48,934)	26,834,851	(48,934)	26,785,917	(48,934)	26,736,984
713,042	(465,359,540)	713,042	(464,646,497)	713,042	(463,933,455)	713,042	(463,220,412)	713,042	(462,507,370)
713,042	(465,359,540)	713,042	(464,646,497)	713,042	(463,933,455)	713,042	(463,220,412)	713,042	(462,507,370)
(713,042)	465,359,540	(713,042)	464,646,497	(713,042)	463,933,455	(713,042)	463,220,412	(713,042)	462,507,370
(713,042)	465,359,540	(713,042)	464,646,497	(713,042)	463,933,455	(713,042)	463,220,412	(713,042)	462,507,370
65,018	(37,461,805)	65,018	(37,396,787)	65,018	(37,331,769)	65,018	(37,266,751)	65,018	(37,201,733)
947,415	(648,247,790)	947,415	(647,300,376)	947,415	(646,352,961)	947,415	(645,405,546)	947,415	(644,458,131)
1,012,433	(685,709,595)	1,012,433	(684,697,162)	1,012,433	(683,684,730)	1,012,433	(682,672,297)	1,012,433	(681,659,864)
(48,934)	(195,735)	(48,934)	(244,669)	(48,934)	(293,602)	(48,934)	(342,536)	(48,934)	(391,470)
(713,042)	(11,414,566)	(713,042)	(12,127,608)	(713,042)	(12,840,651)	(713,042)	(13,553,693)	(713,042)	(14,266,735)
(761,976)	(11,610,301)	(761,976)	(12,372,277)	(761,976)	(13,134,253)	(761,976)	(13,896,229)	(761,976)	(14,658,205)
1 328693527		1.328693527		1.328693527		1.328693527		1 328693527	

September Activity 9/30/2020 October Activity 10/31/2020

(16,084) 10,448,665 (16,084) 10,432,581  
 (234,372) 181,716,389 (234,372) 181,482,016  
 (250,457) 192,165,054 (250,457) 191,914,597

48,934 (26,688,050) 48,934 (26,639,116)  
 48,934 (26,688,050) 48,934 (26,639,116)

(48,934) 26,688,050 (48,934) 26,639,116  
 (48,934) 26,688,050 (48,934) 26,639,116

713,042 (461,794,327) 713,042 (461,081,285)  
 713,042 (461,794,327) 713,042 (461,081,285)

(713,042) 461,794,327 (713,042) 461,081,285  
 (713,042) 461,794,327 (713,042) 461,081,285

65,018 (37,136,715) 65,018 (37,071,697)  
 947,415 (643,510,716) 947,415 (642,563,301)  
 1,012,433 (680,647,431) 1,012,433 (679,634,998)

(48,934) (440,404) (48,934) (489,337)  
 (713,042) (14,979,778) (713,042) (15,692,820)  
 (761,976) (15,420,182) (761,976) (16,182,158)

1.328693527

1.328693527

2018	2019	2020	Total
(50,365)	-	(160,842)	(211,207)
(3,250,090)	(2,803,425)	(2,343,724)	(8,397,239)
(3,300,455)	(2,803,425)	(2,504,566)	(8,608,446)

153,829	-	489,337	643,166
---------	---	---------	---------

(153,829)	-	(489,337)	(643,166)
-----------	---	-----------	-----------

9,926,626	8,562,396	7,130,424	25,619,446
-----------	-----------	-----------	------------

(9,926,626)	(8,562,396)	(7,130,424)	(25,619,446)
-------------	-------------	-------------	--------------

204,194	-	650,179	854,374
13,176,716	11,365,821	9,474,149	34,016,686
13,380,910	11,365,821	10,124,328	34,871,059

(153,829)	-	(489,337)	(643,166)
(9,926,626)	(8,562,396)	(7,130,424)	(25,619,446)
(10,080,455)	(8,562,396)	(7,619,762)	(26,262,613)

0000232

SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF  
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

**Question No. OPUC 1-10:**

Please refer to the Direct Testimony of Mr. Thomas P. Brice, page 7. Please provide the monthly accounting entries made by SWEPCO showing the accumulated balance of the unprotected excess deferred income taxes from January 2018 to the most recent monthly information available. Please include in your response the account numbers used to record the monthly amortization, and the total amount of unprotected excess deferred income taxes referenced as being used to offset the accelerated recovery of Dolet Hills.

**Response No. OPUC 1-10:**

The unprotected excess deferred income taxes have not been amortized by SWEPCO for its Texas jurisdiction as the Commission ordered that excess resulting from the reduction in the federal income tax rate would be addressed in the Company's next base-rate case. As discussed in the Direct Testimony of Mr. Brice, the unamortized balance of unprotected excess ADFIT is being proposed to offset the impact of the Dolet Hills Power Station. A Texas jurisdictional balance of protected and unprotected excess of \$30,408,645 is being proposed to offset the recovery of Dolet Hills as indicated on Exhibit MAB-4. Of this total, \$23,000,070 relates to the balance of unprotected excess ADFIT.

Prepared By: Jessica M. Criss

Title: Tax Analyst Prin

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

PUBLIC UTILITY COMMISSION OF TEXAS  
SOUTHWESTERN ELECTRIC POWER COMPANY  
RECONCILIATION OF EXCESS DEFERRED TAXES

2019

Description	12/31/2019							
	DTA	DTL Protected	DTL Unprotected	DTL Excess Protected	DTL Excess Unprotected	Reg Asset	Reg Liability	Expense/ Benefit
<b>Deferred Tax</b>								
Deferred Tax Asset ("DTA")							24,059,329	189,831,454
Deferred Tax Liability ("DTL")								28,712,095
Deferred Tax Liability ("DTL")								2,669,292
Deferred Tax Liability - FAS 109 Excess ("DTL Exces")							(28,712,095)	478,989,004
Deferred Tax Liability - FAS 109 Excess ("DTL Exces")						-	(36,632,755)	41,618,244
<b>Regulatory</b>								
Regulatory Asset					-			(3,607,784)
Regulatory Liability	(24,059,329)			28,712,095	36,632,755			(686,830,919)
<b>Income Statement</b>								
Amortization Expense/(Benefit)		(8,562,396)	(21,343,281)					
Deferred Income Tax Expense/(Benefit)		(20,149,699)	18,673,990					
	(24,059,329)	(28,712,095)	(2,669,291)	28,712,095	36,632,755	-	(41,285,521)	31,381,387
								(0)

1

0000234

SOUTHWESTERN ELECTRIC POWER COMPANY  
G 7.4b Adjustments to Accumulated Deferred Federal Income Taxes  
For the Test Year Ended March 31, 2020

Line No.	(1) Account Number	(2) Description	(3) Reference Schedule	(4) Total Company	(5) Non-Applicable/ Non-Utility	(6) Total Electric	(7) Known Change	(8) Post Test Year Adjustments	(9) Company Requested Electric
1	190 011C-DFIT	TAX CREDIT C/F - DEF TAX ASSET		1,817,777	(1,817,777)	-	-	-	-
2	433A	PUGT FUEL O/U RECOVERY-RETAIL		32,562	(32,562)	-	-	-	-
3	433C	AR - FUEL OVER/UNDER RECOVERY		0	(0)	-	-	-	-
4	433D	LA - FUEL OVER/UNDER RECOVERY		(0)	0	-	-	-	-
5	460A	UNBILLED REVENUE		4,533,514	(4,533,514)	-	-	-	-
6	520A	PROVS POSS REV REFDS-A/L		5,284,794	(5,284,794)	-	-	-	-
7	520X	MARK & SPREAD-DEFL-190-A/L		-	-	-	-	-	-
8	520Y	PROV FOR RATE REFUND-TAX REFORM		2,766,097	(2,766,097)	-	-	-	-
9	602A	PROV WORKER'S COMP		259,158	-	259,158	-	-	259,158
10	605E	SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN		108,138	-	108,138	-	-	108,138
11	605F	ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158		180,309	(180,309)	-	-	-	-
12	605I	ACCRD BK SUP. SAVINGS PLAN EXP		8,547	-	8,547	-	-	8,547
13	605K	ACCRUED BK BENEFIT COSTS		9,071	-	9,071	-	-	9,071
14	605O	ACCRUED PSI PLAN EXP		0	-	0	-	-	0
15	605P	STOCK BASED COMP-CAREER SHARES		1,615,586	(1,615,586)	-	-	-	-
16	610A	BK PROV UNCOLL ACCTS - ST		64,362	-	64,362	-	-	64,362
17	610V	PROV-FAS 157 - A/L		(1,877)	1,877	-	-	-	-
18	611E	ACCRUED MINE RECLAMATION		9,445,966	-	9,445,966	191,801	-	9,637,767
19	611G	DEFD COMPENSATION-BOOK EXPENSE		355,965	-	355,965	-	-	355,965
20	612Y	ACCRD COMPANYWIDE INCENTV PLAN		179,193	-	179,193	-	-	179,193
21	613C	ACCRD ENVIRONMENTAL LIAB-CURRENT		401	-	401	-	-	401
22	613E	ACCRUED BOOK VACATION PAY		2,403,813	-	2,403,813	-	-	2,403,813
23	613F	ACCRD ENVIRONMENTAL LIAB-LONG TERM		99,101	-	99,101	-	-	99,101
24	613K	(CDP)INCENTIVE COMP DEFERRAL PLAN		23,766	-	23,766	-	-	23,766
25	615B	ACCRUED INTEREST-LONG-TERM - FIN 48		1	(1)	-	-	-	-
26	615C	ACCRUED INTEREST-SHORT-TERM - FIN 48		-	-	-	-	-	-
27	615E	ACCRUED STATE INCOME TAX EXP		(372,842)	372,842	-	-	-	-
28	615O	BK DFL RAIL TRANS REVEXP		(0)	0	-	-	-	-
29	641I	ADVANCE RENTAL INC (CUR MO)		173,528	-	173,528	-	-	173,528
30	641X	DEFERRED INCOME - DOLET HILLS MINING BUYOUT		57,310	(57,310)	-	-	-	-
31	651F	DISALLOWED COSTS - TURK PLANT		10,729,077	(10,729,077)	-	-	-	-
32	651H	DISALLOWED COSTS - TURK PLANT AUX BOILER		3,336,932	(3,336,932)	-	-	-	-
33	651I	DISALLOWED COSTS-TX TRANS VEG MGT CST		412,834	(412,834)	-	-	-	-
34	651J	DISALLOWED COSTS-TX DIST VEG MGT CST		861,751	(861,751)	-	-	-	-
35	651K	DISALLOWED COSTS-TX TRANS VEG MGT CST-AMORT		(23,146)	23,146	-	-	-	-
36	651M	DISALLOWED COSTS-TX DIST VEG MGT CST-AMORT		(103,801)	103,801	-	-	-	-
37	651Q	DISALLOWED COSTS-TX SERP COSTS		33,771	(33,771)	-	-	-	-
38	651R	DISALLOWED COSTS-TX DIST COSTS		32,502	(32,502)	-	-	-	-
39	651T	DISALLOWED COSTS-TX CWIP FINBASED INCEN-TRANS		559,244	(559,244)	-	-	-	-
40	651W	DISALLOWED COSTS-TX CWIP FINBASED INCEN-DIST		1,280,503	(1,280,503)	-	-	-	-
41	651X	DISALLOWED COSTS-TX CWIP FINBASED INCEN-GEN		645,475	(645,475)	-	-	-	-
42	651Y	DISALLOWED COSTS-TX RWIP FINBASED INCEN-TRANS		16,464	(16,464)	-	-	-	-
43	651Z	DISALLOWED COSTS-TX RWIP FINBASED INCEN-DIST		60,856	(60,856)	-	-	-	-
44	652G	REG LIAB-UNREAL MTM GAIN-DEFL		(868,452)	868,452	-	-	-	-
45	653A	DISALLOWED COSTS-TX RWIP FINBASED INCEN-GEN		26,194	(26,194)	-	-	-	-
46	701A	AMORT - GOODWILL PER BOOKS		1,271,789	(1,271,789)	-	-	-	-
47	702A	GOODWILL PER TAX		(699,485)	699,485	-	-	-	-
48	710H	TAX DEFERRED ACQUISITION LEGAL COSTS		86,560	(86,560)	-	-	-	-
49	906F	ACCRD OPEB COSTS - SFAS 158		179,407	(179,407)	-	-	-	-
50	906P	ACCRD BOOK ARO EXPENSE - SFAS 143		32,311,302	-	32,311,302	-	-	32,311,302
51	908A	BOOK OPERATING LEASE - LIAB		-	-	-	-	-	-
52	908B	BOOK OPERATING LEASE - ASSET		7,861,113	(7,861,113)	-	-	-	-
53	911F-FIN48	FIN 48 DSIT		-	-	-	-	-	-
54	911S	ACCRUED SALES & USE TAX RESERVE		-	-	-	-	-	-
55	911V	ACCRD SIT TX RESERVE-LNG-TERM-FIN 48		(20,144)	20,144	-	-	-	-
56	911W	ACCRD SIT TX RESERVE-SHRT-TERM FIN 48		-	-	-	-	-	-
57	940X	IRS CAPITALIZATION ADJUSTMENT		410,888	-	410,888	-	-	410,888

0000235

SOUTHWESTERN ELECTRIC POWER COMPANY  
G 7.4b Adjustments to Accumulated Deferred Federal Income Taxes  
For the Test Year Ended March 31, 2020

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Line No.	Account Number	Description	Reference Schedule	Total Company	Non-Applicable/ Non-Utility	Total Electric	Known Change	Post Test Year Adjustments	Company Requested Electric
58	960E	AMT CREDIT - DEFERRED		-	-	-	-	-	-
59	960Z	NOL - DEFERRED TAX ASSET RECLASS		-	-	-	-	-	-
59	980A	RESTRICTED STOCK PLAN		54,665	(54,665)	-	-	-	-
60	980J	PSI - STOCK BASED COMP		360,825	(360,825)	-	-	-	-
61	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-LT		48,300,397	(48,300,397)	-	-	-	-
62	913D	CHARITABLE CONTRIBUTION CARRYFRWD		1,497,806	(1,497,806)	-	-	-	-
63	960Z	FEDERAL NET OPERATING LOSS		-	-	-	-	-	-
63		ADIT Federal Non-UMWA PRW OCI		2,185	(2,185)	-	-	-	-
64		ADIT-Fed-Hdg-CF-Int Rate		851,872	(851,872)	-	-	-	-
65		SUBTOTAL		138,513,419	(92,660,221)	45,853,199	191,801	-	46,045,000
66		REG ASSET / LIABILITY - FLOW-THROUGH		43,010,483	-	43,010,483	-	-	43,010,483
67	960F	REG LIABILITY - EXCESS & FLOW-THROUGH		167,664,231	(11,844,787)	155,819,444	-	-	155,819,444
68		TOTAL 190 ADIT		349,188,134	(104,505,008)	244,683,126	191,801	-	244,874,927
69		281 PROPERTY ADIT		(69,882,477.66)	-	(69,882,478)	-	-	(69,882,478)
70	960F	REG LIABILITY - EXCESS & FLOW-THROUGH		26,879,613.00	-	26,879,613	-	-	26,879,613
70		TOTAL 281 ADIT		(43,002,865)	-	(43,002,865)	-	-	(43,002,865)
71	282	NORMALIZED PROPERTY DIFFERENCES		(1,378,764,772)	45,829,652	(1,332,935,121)	#REF!	-	#REF!
72		REG ASSET / LIABILITY - FLOW-THROUGH		(51,755,136)	-	(51,755,136)	-	-	(51,755,136)
73		REG LIABILITY - EXCESS & FLOW-THROUGH		495,639,397	(45,815,932)	449,823,465	10,042,883	-	459,866,348
74		TOTAL 282 ADIT		(934,890,512)	13,720	(934,866,792)	#REF!	-	#REF!
75	283	014C-DSIT NOL-STATE C/F-DEF STATE TAX ASSET LT		(10,143,083)	10,143,083	-	-	-	-
76	575E	MTM BK GAIN AL-TAX DEFL		870,329	(870,329)	-	-	-	-
77	605B	ACCURED BK PENSION EXPENSE		(14,834,029)	-	(14,834,029)	(2,690,984)	-	(17,525,013)
78	605C	ACCURED BK PENSION COSTS - SFAS 158		20,053,069	(20,053,069)	-	-	-	-
79	630J	DEFD STORM DAMAGE		4	(4)	-	-	-	-
80	630M	RATE CASE DEFD CHGS		(1,309,255)	1,309,255	-	-	-	-
81	632U	BK DEFL-DEMAND SIDE MNGMT EXP		(399,562)	399,562	-	-	-	-
82	638A	BOOK > TAX BASIS - EMA-A/C 283		8,844	-	8,844	-	-	8,844
83	660A	TRANSITION REGULATORY ASSETS		5,882	-	5,882	-	-	5,882
84	660F	REG ASSET-SFAS 143 - ARO		(1,529,306)	-	(1,529,306)	-	-	(1,529,306)
85	660L	REG ASSET-DEFERRED LITIGATION COSTS		(0)	-	(0)	-	-	(0)
86	661R	REG ASSET-SFAS 158 - PENSIONS		(20,346,089)	20,346,089	-	-	-	-
87	661S	REG ASSET-SFAS 158 - SERP		110,470	(110,470)	-	-	-	-
88	661T	REG ASSET-SFAS 158 - OPEB		(2,029)	2,029	-	-	-	-
89	661U	REG ASSET-NITS & BPF DEFERRALS		(153,950)	-	(153,950)	-	-	(153,950)
90	664A	REG ASSET-UND/REC ENVIRON ADJ CLAUSE-LA		72,651	(72,651)	-	-	-	-
91	664V	REG ASSET-NET CCS FEED STUDY COSTS		-	-	-	-	-	-
92	664X	REG ASSET-SWEP/CONV/MCO TRANSACTION COST		(0)	-	(0)	-	-	(0)
93	668P	REG ASSET-LA 2009 FRP ASSET		(174,110)	174,110	-	-	-	-
94	669J	REG ASSET-ENERGY EFFICIENCY RECOVERY		(140,696)	-	(140,696)	-	-	(140,696)
95	669X	REG ASSET-SWEP/CO SHIPE ROAD		(77,992)	77,992	-	-	-	-
96	670O	REG ASSET-ENVIRONMENTAL CHEMICAL COST-AR		(741,441)	741,441	-	-	-	-
97	672P	REG ASSET-FACILITIES MAINT-SWEP/CO LA		(336,402)	336,402	-	-	-	-

To removed unprotected excess

SOUTHWESTERN ELECTRIC POWER COMPANY  
G 7 4b Adjustments to Accumulated Deferred Federal Income Taxes  
For the Test Year Ended March 31, 2020

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Line No.	Account Number	Description	Reference Schedule	Total Company	Non-Applicable/ Non-Utility	Total Electric	Known Change	Post Test Year Adjustments
98	673J	REG ASSET-WELSH/FLINT CRK ENVIRON DEF		(4,170,152)	4,170,152	-	-	-
99	673K	REG ASSET-WELSH/FLINT CRK ENVIRON-CONTRA		1,458,601	(1,458,601)	-	-	-
100	673U	REG ASSET-LA 2015 FRP-SPP DEFERRAL		(624,166)	624,166	-	-	-
101	673V	REG ASSET-LA 2015 FRP-UNREC EQUITY		34,069	(34,069)	-	-	-
102	673Z	REG ASSET-WELSH 2 TX-UNDEPR BAL		(3,455,449)	3,455,449	-	-	-
103	674R	REG ASSET-UNDER RECOV-EXCESS TAX ETRR		(75,805)	75,805	-	-	-
104	690F	REG ASSET-NBV-ARO-RETIRED PLANTS		(103,123)	103,123	-	-	-
105	711M	AMAX COAL CONTRACT-TX		0	-	0	-	0
106	900A	LOSS ON REACQUIRED DEBT		(1,355,156)	-	(1,355,156)	-	(1,355,156)
107	900F	BK DEFL-GAIN REACQUIRED DEBT		(101)	-	(101)	-	(101)
108	906A	ACCRD SFAS 106 PST RETIRE EXP		(7,702,896)	-	(7,702,896)	-	(7,702,896)
109	906D	SFAS 106 PST RETIRE EXP - NON DEDUCT CONT		3,842,727	-	3,842,727	-	3,842,727
110	906K	ACCRD SFAS 112 PST EMPLOY BEN		1,727,617	-	1,727,617	-	1,727,617
111	906Z	SFAS 106 - MEDICARE SUBSIDY - (PPACA)-REG ASSET		(531,976)	-	(531,976)	-	(531,976)
112	913Y	BK DEFL - MERGER COSTS		(3,000,167)	-	(3,000,167)	-	(3,000,167)
113	921A	BK DEPLETION-MINERALS & RIGHTS		2,547,240	-	2,547,240	-	2,547,240
114	930A	BOOK > TAX BASIS-PRTSHP INVEST		(2,997,534)	2,997,534	-	-	-
115	940K	1988-1990 IRS AUDIT SETTLEMENT		(1,623)	1,623	-	-	-
116	960F-XS	EXCESS ADFIT		9,578,820	(9,578,820)	-	-	-
117		ACC DFD SIT		-	-	-	-	-
118	639O	BOOK > TAX BASIS EMA - 283 (B/L)		-	-	-	-	-
119		ADIT-Fed-Hdg-CF-Int Rate		(516,984)	516,984	-	-	-
120		SUB TOTAL		(34,412,755)	13,296,786	(21,115,969)	(2,690,984)	(23,806,953)

0000237

SOUTHWESTERN ELECTRIC POWER COMPANY  
G 7.4b Adjustments to Accumulated Deferred Federal Income Taxes  
For the Test Year Ended March 31, 2020

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Line	Account	Description	Reference	Total	Non-Applicable/	Total	Known	Company
No	Number		Schedule	Company	Non-Utility	Electric	Change	Requested
								Electric
121		REG ASSET / LIABILITY - FLOW-THROUGH		(55,885,883)	-	(55,885,883)	-	(55,885,883)
122		ACCUM DEFERRED SIT - SFAS 109 FLOW-THRU		(200,765,163)	-	(200,765,163)	-	(200,765,163)
123		REG LIABILITY - EXCESS & FLOW-THROUGH		(5,971,036)	5,971,036	-	-	-
124		TOTAL 283 ADIT		(297,034,826)	19,267,822	(277,767,014)	(2,590,984)	(280,457,998)
125		TOTAL COMPANY ADIT		(925,730,079)	(85,223,466)	(1,010,953,546)	#REF!	#REF!

126 Note. The information shown by each line number in this schedule, G-7 4b, which includes the explanation of adjustments, corresponds to the same information and line numbers on Schedule G-7.4.



SOUTHWESTERN ELECTRIC POWER COMPANY  
G 7.4b Adjustments to Accumulated Deferred Federal Income Taxes  
For the Test Year Ended March 31, 2020

Line No.	(1) Account Number	(2) Description	(10) Explanation of Adjustments
1	190	011C-DFIT TAX CREDIT C/F - DEF TAX ASSET	Related Item Not Included in Rate Base or Cost of Service
2	433A	PUCT FUEL O/U RECOVERY-RETAIL	Related Item Not Included in Rate Base or Cost of Service
3	433C	AR - FUEL OVER/UNDER RECOVERY	
4	433D	LA - FUEL OVER/UNDER RECOVERY	
5	460A	UNBILLED REVENUE	Related Item Not Included in Rate Base or Cost of Service
6	520A	PROVS POSS REV REFDS-AL	Related Item Not Included in Rate Base or Cost of Service
7	520X	MARK & SPREAD-DEFL-190-AL	
8	520Y	PROV FOR RATE REFUND-TAX REFORM	Related Item Not Included in Rate Base or Cost of Service
9	602A	PROV WORKER'S COMP	
10	605E	SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN	
11	605F	ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158	Related Item Not Included in Rate Base or Cost of Service
12	605I	ACCRD BK SUP. SAVINGS PLAN EXP	
13	605K	ACCRUED BK BENEFIT COSTS	
14	605O	ACCRUED PSI PLAN EXP	
15	605P	STOCK BASED COMP-CAREER SHARES	Related Item Not Included in Rate Base or Cost of Service
16	610A	BK PROV UNCOLL ACCTS - ST	
17	610V	PROV-FAS 157 - AL	Related Item Not Included in Rate Base or Cost of Service
18	611E	ACCRUED MINE RECLAMATION	See Workpaper G-7.4b for Supporting Information
19	611G	DEFD COMPENSATION-BOOK EXPENSE	
20	612Y	ACCRD COMPANYWIDE INCENTV PLAN	
21	613C	ACCRD ENVIRONMENTAL LIAB-CURRENT	
22	613E	ACCRUED BOOK VACATION PAY	
23	613F	ACCRD ENVIRONMENTAL LIAB-LONG TERM	
24	613K	(ICDP)-INCENTIVE COMP DEFERRAL PLAN	
25	615B	ACCRUED INTEREST-LONG-TERM - FIN 48	Related Item Not Included in Rate Base or Cost of Service
26	615C	ACCRUED INTEREST-SHORT-TERM - FIN 48	Related Item Not Included in Rate Base or Cost of Service
27	615E	ACCRUED STATE INCOME TAX EXP	Not Texas Related
28	615O	BK DFL RAIL TRANS REV/EXP	
29	641I	ADVANCE RENTAL INC (CUR MO)	Related Item Not Included in Rate Base or Cost of Service
30	641X	DEFERRED INCOME - DOLET HILLS MINING BUYOUT	Related Item Not Included in Rate Base or Cost of Service
31	651F	DISALLOWED COSTS - TURK PLANT	Related Item Not Included in Rate Base or Cost of Service
32	651H	DISALLOWED COSTS - TURK PLANT AUX BOILER	Related Item Not Included in Rate Base or Cost of Service
33	651I	DISALLOWED COSTS-TX TRANS VEG MGT CST	Related Item Not Included in Rate Base or Cost of Service
34	651J	DISALLOWED COSTS-TX DIST VEG MGT CST	Related Item Not Included in Rate Base or Cost of Service
35	651K	DISALLOWED COSTS-TX TRANS VEG MGT CST-AMORT	Related Item Not Included in Rate Base or Cost of Service
36	651M	DISALLOWED COSTS-TX DIST VEG MGT CST-AMORT	Related Item Not Included in Rate Base or Cost of Service
37	651Q	DISALLOWED COSTS-TX SERP COSTS	Related Item Not Included in Rate Base or Cost of Service
38	651R	DISALLOWED COSTS-TX DIST COSTS	Related Item Not Included in Rate Base or Cost of Service
39	651T	DISALLOWED COSTS-TX CWIP FINBASED INCEN-TRANS	Related Item Not Included in Rate Base or Cost of Service
40	651W	DISALLOWED COSTS-TX CWIP FINBASED INCEN-DIST	Related Item Not Included in Rate Base or Cost of Service
41	651X	DISALLOWED COSTS-TX CWIP FINBASED INCEN-GEN	Related Item Not Included in Rate Base or Cost of Service
42	651Y	DISALLOWED COSTS-TX RWIP FINBASED INCEN-TRANS	Related Item Not Included in Rate Base or Cost of Service
43	651Z	DISALLOWED COSTS-TX RWIP FINBASED INCEN-DIST	Related Item Not Included in Rate Base or Cost of Service
44	652G	REG LIAB-UNREAL MTM GAIN-DEFL	Related Item Not Included in Rate Base or Cost of Service
45	653A	DISALLOWED COSTS-TX RWIP FINBASED INCEN-GEN	Related Item Not Included in Rate Base or Cost of Service
46	701A	AMORT - GOODWILL PER BOOKS	Related Item Not Included in Rate Base or Cost of Service
47	702A	GOODWILL PER TAX	Related Item Not Included in Rate Base or Cost of Service
48	710H	TAX DEFERRED ACQUISITION LEGAL COSTS	Not Texas Related
49	906F	ACCRD OPEB COSTS - SFAS 158	Related Item Not Included in Rate Base or Cost of Service
50	906P	ACCRD BOOK ARO EXPENSE - SFAS 143	
51	908A	BOOK OPERATING LEASE - LIAB	
52	908B	BOOK OPERATING LEASE - ASSET	Related Item Not Included in Rate Base or Cost of Service
53	911F-FIN48	FIN 48 DSIT	Related Item Not Included in Rate Base or Cost of Service
54	911S	ACCRUED SALES & USE TAX RESERVE	
55	911V	ACCRD SIT TX RESERVE-LNG-TERM-FIN 48	Related Item Not Included in Rate Base or Cost of Service
56	911W	ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48	Related Item Not Included in Rate Base or Cost of Service
57	940X	IRS CAPITALIZATION ADJUSTMENT	

0000239

SOUTHWESTERN ELECTRIC POWER COMPANY  
G 7.4b Adjustments to Accumulated Deferred Federal Income Taxes  
For the Test Year Ended March 31, 2020

Line No.	(1) Account Number	(2) Description	(10) Explanation of Adjustments
58	960E	AMT CREDIT - DEFERRED	
59	960Z	NOL - DEFERRED TAX ASSET RECLASS	
59	980A	RESTRICTED STOCK PLAN	
60	980J	PSI - STOCK BASED COMP	
61	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-L/T	Not Texas Related
62	913D	CHARITABLE CONTRIBUTION CARRYFRWD	Related Item Not Included in Rate Base or Cost of Service
63	960Z	FEDERAL NET OPERATING LOSS	To Adjust for a Stand-Alone Federal Net Operating Loss
63		ADIT Federal Non-UMWA PRW OCI	Related Item Not Included in Rate Base or Cost of Service
64		ADIT-Fed-Hdg-CF-Int Rate	Related Item Not Included in Rate Base or Cost of Service
65		SUBTOTAL	
66		REG ASSET / LIABILITY - FLOW-THROUGH	
67	960F	REG LIABILITY - EXCESS & FLOW-THROUGH	To Remove Unprotected Excess from ADITT balance
68		TOTAL 190 ADIT	
69		281 PROPERTY ADIT	
70	960F	REG LIABILITY - EXCESS & FLOW-THROUGH	
70		TOTAL 281 ADIT	
71	282	NORMALIZED PROPERTY DIFFERENCES	See Workpaper G-7 4b for Supporting Information
72		REG ASSET / LIABILITY - FLOW-THROUGH	
73		REG LIABILITY - EXCESS & FLOW-THROUGH	To Remove Unprotected Excess from ADITT balance
74		TOTAL 282 ADIT	
75	283	014C-DSIT NOL-STATE C/F-DEF STATE TAX ASSET-L/T	Not Texas Related
76	575E	MTM BK GAIN-AL-TAX DEFL	Related Item Not Included in Rate Base or Cost of Service
77	605B	ACCURED BK PENSION EXPENSE	See Workpaper G-7 4b for Supporting Information
78	605C	ACCURED BK PENSION COSTS - SFAS 158	Related Item Not Included in Rate Base or Cost of Service
79	630J	DEFO STORM DAMAGE	Related Item Not Included in Rate Base or Cost of Service
80	630M	RATE CASE DEFO CHGS	Not in Bases Rates--See Schedule G-7 4d for Supporting Information
81	632U	BK DEFL-DEMAND SIDE MNGMT EXP	Related Item Not Included in Rate Base or Cost of Service
82	638A	BOOK > TAX BASIS - EMA-AVC 283	
83	660A	TRANSITION REGULATORY ASSETS	
84	660F	REG ASSET-SFAS 143 - ARO	
85	660L	REG ASSET-DEFERRED LITIGATION COSTS	
86	661R	REG ASSET-SFAS 158 - PENSIONS	Related Item Not Included in Rate Base or Cost of Service
87	661S	REG ASSET-SFAS 158 - SERP	Related Item Not Included in Rate Base or Cost of Service
88	661T	REG ASSET-SFAS 158 - OPEB	Related Item Not Included in Rate Base or Cost of Service
89	661U	REG ASSET-NITS & BPF DEFERRALS	
90	664A	REG ASSET-UND/REC ENVIRON ADJ CLAUSE-LA	Not Texas Related
91	664V	REG ASSET-NET CCS FEED STUDY COSTS	
92	664X	REG ASSET-SWEP/COMECO TRANSACTION COST	
93	668P	REG ASSET-LA 2009 FRP ASSET	Not Texas Related
94	669J	REG ASSET-ENERGY EFFICIENCY RECOVERY	
95	669X	REG ASSET-SWEP/CO SHIPE ROAD	Not Texas Related
96	670O	REG ASSET-ENVIRONMENTAL CHEMICAL COST-AR	Not Texas Related
97	672P	REG ASSET-FACILITIES MAINT-SWEP/CO LA	Not Texas Related

0000240

SOUTHWESTERN ELECTRIC POWER COMPANY  
G 7.4b Adjustments to Accumulated Deferred Federal Income Taxes  
For the Test Year Ended March 31, 2020

(1)	(2)	(10)	
Line	Account	Description	Explanation of Adjustments
No	Number		
98	673J	REG ASSET-WELSH/FLINT CRK ENVIRON DEF	Not Texas Related
99	673K	REG ASSET-WELSH/FLINT CRK ENVIRON-CONTRA	Not Texas Related
100	673U	REG ASSET-LA 2015 FRP-SPP DEFERRAL	Not Texas Related
101	673V	REG ASSET-LA 2015 FRP-UNREC EQUITY	Not Texas Related
102	673Z	REG ASSET-WELSH 2 TX-UNDEPR BAL	Not Texas Related
103	674R	REG ASSET-UNDER RECOV-EXCESS TAX ETRR	Not Texas Related
104	690F	REG ASSET-NBW-ARO-RETIRED PLANTS	Not Texas Related
105	711M	AMAX COAL CONTRACT-TX	
106	900A	LOSS ON REACQUIRED DEBT	
107	900F	BK DEFL-GAIN REACQUIRED DEBT	
108	908A	ACCRD SFAS 106 PST RETIRE EXP	
109	906D	SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT	
110	906K	ACCRD SFAS 112 PST EMPLOY BEN	
111	906Z	SFAS 106 - MEDICARE SUBSIDY - (PPACA)-REG ASSET	
112	913Y	BK DEFL - MERGER COSTS	
113	921A	BK DEPLETION-MINERALS & RIGHTS	
114	930A	BOOK > TAX BASIS-PRTSHP INVEST	Related Item Not Included in Rate Base or Cost of Service
115	940K	1988-1990 IRS AUDIT SETTLEMENT	Related Item Not Included in Rate Base or Cost of Service
116	960F-XS	EXCESS ADFIT	To Remove Unprotected Excess from ADFIT balance
117		ACC DFD SIT	Not Texas Related
118	639O	BOOK > TAX BASIS EMA - 283 (B/L)	Related Item Not Included in Rate Base or Cost of Service
119		ADIT-Fed-Hdg-CF-Int Rate	Related Item Not Included in Rate Base or Cost of Service
120		SUB TOTAL	

SOUTHWESTERN ELECTRIC POWER COMPANY  
G 7.4b Adjustments to Accumulated Deferred Federal Income Taxes  
For the Test Year Ended March 31, 2020

Line No.	(1) Account Number	(2) Description	(10) Explanation of Adjustments
121		REG ASSET / LIABILITY - FLOW-THROUGH	
122		ACCUM DEFERRED SIT - SFAS 109 FLOW-THRU	
123		REG LIABILITY - EXCESS & FLOW-THROUGH	
124		TOTAL 283 ADIT	
125		TOTAL COMPANY ADIT	
126	Note: The information shown by each line number in this schedule, G-7.4b, which includes the		

SOUTHWESTERN ELECTRIC POWER COMPANY  
Accumulated Deferred Federal Income Taxes  
For the Test Year Ended March 31, 2020

Line No	Account Number	Description	Reference Schedule	(1) Total Company	(2) Non-Applicable/ Non-Utility	(3) Total Electric	(4) Known Change	(5) Post Test Yr Adjust	(6) Company Requested Electric
1	190	011C-DFIT TAX CREDIT C/F - DEF TAX ASSET		1,817,777	(1,817,777)	-	-	-	-
2	433A	PUCT FUEL O/U RECOVERY-RETAIL		32,562	(32,562)	-	-	-	-
3	433C	AR - FUEL OVER/UNDER RECOVERY		0	(0)	-	-	-	-
4	433D	LA - FUEL OVER/UNDER RECOVERY		(0)	0	-	-	-	-
5	480A	UNBILLED REVENUE		4,533,514	(4,533,514)	-	-	-	-
6	520A	PROVS POSS REV REFDS-AL		5,284,794	(5,284,794)	-	-	-	-
7	520X	PROV FOR RATE REFUND-TAX REFORM		-	-	-	-	-	-
8	520Y	520Y PROV FOR RATE REFUND-EXCESS PROTECTED		2,766,097	(2,766,097)	-	-	-	-
9	602A	PROV WORKERS COMP		259,158	-	259,158	-	-	259,158
10	605E	SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN		108,138	-	108,138	-	-	108,138
11	605F	ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158		180,309	(180,309)	-	-	-	-
12	605I	ACCRD BK SUP SAVINGS PLAN EXP		8,547	-	8,547	-	-	8,547
13	605K	ACCRUED BK BENEFIT COSTS		9,071	-	9,071	-	-	9,071
14	605O	ACCRUED PSI PLAN EXP		0	-	0	-	-	0
15	605P	STOCK BASED COMP-CAREER SHARES		1,615,586	(1,615,586)	-	-	-	-
16	610A	BK PROV UNCOLL ACCTS - ST		64,362	-	64,362	-	-	64,362
17	610V	PROV-FAS 157 - AL		(1,877)	1,877	-	-	-	-
18	611E	ACCRUED MINE RECLAMATION		9,445,965	-	9,445,965	191,801	-	9,637,767
19	611G	DEPD COMPENSATION-BOOK EXPENSE		355,965	-	355,965	-	-	355,965
20	612Y	ACCRD COMPANYWIDE INCENTV PLAN		179,193	-	179,193	-	-	179,193
21	613C	ACCRD ENVIRONMENTAL LIAB-CURRENT		401	-	401	-	-	401
22	613E	ACCRUED BOOK VACATION PAY		2,403,813	-	2,403,813	-	-	2,403,813
23	613F	ACCRD ENVIRONMENTAL LIAB-LONG TERM		99,101	-	99,101	-	-	99,101
24	613K	(ICDP)-INCENTIVE COMP DEFERRAL PLAN		23,768	-	23,768	-	-	23,768
25	616B	ACCRUED INTEREST-LONG-TERM - FIN 48		1	(1)	-	-	-	-
26	615C	ACCRUED INTEREST-SHORT-TERM - FIN 48		-	-	-	-	-	-
27	615E	ACCRUED STATE INCOME TAX EXP		(372,642)	372,642	-	-	-	-
28	615O	BK DFL RAIL TRANS REVEXP		(0)	0	-	-	-	-
29	641I	ADVANCE RENTAL INC (CUR MO)		173,528	-	173,528	-	-	173,528
30	641X	DEFERRED INCOME - DOLET HILLS MINING BUYOUT		57,310	(57,310)	-	-	-	-
31	651F	DISALLOWED COSTS - TURK PLANT		10,729,077	(10,729,077)	-	-	-	-
32	651H	DISALLOWED COSTS - TURK PLANT AUX BOILER		3,338,832	(3,338,832)	-	-	-	-
33	651I	DISALLOWED COSTS-TX TRANS VEG MGT CST		412,834	(412,834)	-	-	-	-
34	651J	DISALLOWED COSTS-TX DIST VEG MGT CST		861,751	(861,751)	-	-	-	-
35	651K	DISALLOWED COSTS-TX TRANS VEG MGT CST-AMORT		(23,148)	23,148	-	-	-	-
36	651M	DISALLOWED COSTS-TX DIST VEG MGT CST-AMORT		(103,801)	103,801	-	-	-	-
37	651Q	DISALLOWED COSTS-TX SERP COSTS		33,771	(33,771)	-	-	-	-
38	651R	DISALLOWED COSTS-TX DIST COSTS		32,502	(32,502)	-	-	-	-
39	651T	DISALLOWED COSTS-TX CWIP FINBASED INCEN-TRANS		559,244	(559,244)	-	-	-	-
40	651W	DISALLOWED COSTS-TX CWIP FINBASED INCEN-DIST		1,280,503	(1,280,503)	-	-	-	-
41	651X	DISALLOWED COSTS-TX CWIP FINBASED INCEN-GEN		645,475	(645,475)	-	-	-	-
42	651Y	DISALLOWED COSTS-TX RWIP FINBASED INCEN-TRANS		16,464	(16,464)	-	-	-	-
43	651Z	DISALLOWED COSTS-TX RWIP FINBASED INCEN-DIST		60,856	(60,856)	-	-	-	-
44	652G	REG LIAB-UNREAL MTM GAIN-DEFL		(868,452)	868,452	-	-	-	-
45	653A	DISALLOWED COSTS-TX RWIP FINBASED INCEN-GEN		26,194	(26,194)	-	-	-	-
46	701A	AMORT - GOODWILL PER BOOKS		1,271,789	(1,271,789)	-	-	-	-
47	702A	GOODWILL PER TAX		(699,485)	699,485	-	-	-	-
48	710H	TAX DEFERRED ACQUISITION LEGAL COSTS		86,560	(86,560)	-	-	-	-
49	906F	ACCRD OPEB COSTS - SFAS 158		179,407	(179,407)	-	-	-	-
50	906P	ACCRD BOOK ARO EXPENSE - SFAS 143		32,311,302	-	32,311,302	-	-	32,311,302
51	908A	BOOK OPERATING LEASE - LIAB		-	-	-	-	-	-
52	908B	BOOK OPERATING LEASE - ASSET		7,661,113	(7,661,113)	-	-	-	-
53	911F-FIN48	FIN 48 DSIT		-	-	-	-	-	-
54	911S	ACCRUED SALES & USE TAX RESERVE		-	-	-	-	-	-
55	911V	ACCRD SIT TX RESERVE LONG-TERM-FIN 48		(20,144)	20,144	-	-	-	-
56	911W	ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48		-	-	-	-	-	-
57	940X	IRS CAPITALIZATION ADJUSTMENT		410,888	-	410,888	-	-	410,888
58	960E	AMT CREDIT - DEFERRED		-	-	-	-	-	-
59	960Z	NOL - DEFERRED TAX ASSET RECLASS		-	-	-	-	-	-
60	980A	RESTRICTED STOCK PLAN		54,665	(54,665)	-	-	-	-
61	980J	PSI - STOCK BASED COMP		360,625	(360,625)	-	-	-	-
62	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-LIT		48,300,397	(48,300,397)	-	-	-	-
63	913D	CHARITABLE CONTRIBUTION CARRYFRWD		1,497,806	(1,497,806)	-	-	-	-
64	960Z	FEDERAL NET OPERATING LOSS		-	-	-	-	-	-
65		ADIT Federal Non-UMWA FRW OCI		2,185	(2,185)	-	-	-	-
66		ADIT-Fed-Hdg-CF-Int Rate		851,872	(851,872)	-	-	-	-
67		SUBTOTAL		138,513,419	(92,660,221)	45,853,199	191,801	-	46,045,000
68	1903001	REG ASSET / LIABILITY - FLOW-THROUGH		43,010,483	-	43,010,483	-	-	43,010,483
69	1904001	960F REG LIABILITY - EXCESS & FLOW-THROUGH		167,684,231	(11,844,787)	155,839,444	-	-	155,839,444
70		TOTAL 190 ADIT		349,168,134	(104,505,008)	244,663,126	191,801	-	244,874,927

SOUTHWESTERN ELECTRIC POWER COMPANY  
Accumulated Deferred Federal Income Taxes  
For the Test Year Ended March 31, 2020

Line No	Account Number	Description	Reference Schedule	(1) Total Company	(2) Non-Applicable/ Non-Likely	(3) Total Electric	(4) Known Change	(5) Post Test Yr Adjust	(6) Company Requested Electric
71	281	281 PROPERTY ADIT		(69,882,478)		(69,882,478)			(69,882,478)
72	2814001	REG LIABILITY - EXCESS & FLOW-THROUGH		26,879,613		26,879,613			26,879,613
73		TOTAL 281 ADIT		(43,002,865)	-	(43,002,865)	-	-	(43,002,865)
74	282	282 PROPERTY ADIT		(1,378,784,772)	45,823,652	(1,332,935,121)	#REF!		#REF!
75	2823001	REG ASSET / LIABILITY - FLOW-THROUGH		(51,755,136)		(51,755,136)			(51,755,136)
76	2824001	REG LIABILITY - EXCESS & FLOW-THROUGH		495,639,397	(45,815,932)	449,823,465	10,042,883		499,869,348
77		TOTAL 282 ADIT		(934,860,512)	13,720	(934,866,792)	#REF!	-	#REF!
78	283	014C-DSIT		(10,143,083)		10,143,083			
79	575E	MTM BK GAIN-AL-TAX DEFL		870,329	(870,329)	-			-
80	605B	ACCRUED BK PENSION EXPENSE		(14,834,029)		(14,834,029)	(2,690,864)		(17,525,013)
81	605C	ACCRUED BK PENSION COSTS - SFAS 158		20,053,069	(20,053,069)	-			-
82	630J	DEFL STORM DAMAGE		4	(4)	-			-
83	630M	RATE CASE DEFL CHGS		(1,309,255)	1,309,255	-			-
84	632U	BK DEFL-DEMAND SIDE MNGMT EXP		(399,562)	399,562	-			-
85	638A	BOOK > TAX BASIS - EMA-AC 283		8,844		8,844			8,844
86	660A	TRANSITION REGULATORY ASSETS		5,882		5,882			5,882
87	660F	REG ASSET-SFAS 143 - ARO		(1,529,306)		(1,529,306)			(1,529,306)
88	660L	REG ASSET-DEFERRED LITIGATION COSTS		(0)		(0)			(0)
89	661R	REG ASSET-SFAS 158 - PENSIONS		(20,348,089)	20,348,089	-			-
90	661S	REG ASSET-SFAS 158 - SERP		110,470	(110,470)	-			-
91	661T	REG ASSET-SFAS 158 - OPEB		(2,029)	2,029	-			-
92	661U	REG ASSET-NITS & BPF DEFERRALS		(153,950)		(153,950)			(153,950)
93	664A	REG ASSET-UNDEPR ENVIRON ADJ CLAUSE-LA		72,651	(72,651)	-			-
94	664V	REG ASSET-NET CCS FEED STUDY COSTS		-	-	-			-
95	664X	REG ASSET-SWEP/CO/VE/CO TRANSACTION COST		(0)		(0)			(0)
96	668P	REG ASSET-LA 2009 FRP ASSET		(174,110)	174,110	-			-
97	669J	REG ASSET-ENERGY EFFICIENCY RECOVERY		(140,696)		(140,696)			(140,696)
98	669X	REG ASSET-SWEP/CO SHIPE ROAD		(77,992)	77,992	-			-
99	670O	REG ASSET-ENVIRONMENTAL CHEMICAL COST-AR		(741,441)	741,441	-			-
100	672P	REG ASSET-FACILITIES MAINT-SWEP/CO LA		(336,402)	336,402	-			-
101	673J	REG ASSET-WELSH/PLINT CRK ENVIRON DEF		(4,170,152)	4,170,152	-			-
102	673K	REG ASSET-WELSH/PLINT CRK ENVIRON-CONTRA		1,458,601	(1,458,601)	-			-
103	673U	REG ASSET-LA 2015 FRP-SPP DEFERRAL		(624,166)	624,166	-			-
104	673V	REG ASSET-LA 2015 FRP-UNREC EQUITY		34,069	(34,069)	-			-
105	673Z	REG ASSET-WELSH 2 TX-UNDEPR BAL		(3,455,449)	3,455,449	-			-
106	674R	REG ASSET-UNDER RECOV-EXCESS TAX ETRR		(75,805)	75,805	-			-
107	690F	REG ASSET-NBV-ARO-RETIRED PLANTS		(103,123)	103,123	-			-
108	711M	AMAX COAL CONTRACT-TX		0		0			0
109	900A	LOSS ON REACQUIRED DEBT		(1,355,156)		(1,355,156)			(1,355,156)
110	900F	BK DEFL-GAIN REACQUIRED DEBT		(101)	(101)	-			(101)
111	908A	ACCRD SFAS 106 PST RETIRE EXP		(7,702,896)		(7,702,896)			(7,702,896)
112	908D	SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT		3,842,727		3,842,727			3,842,727
113	908K	ACCRD SFAS 112 PST EMPLOY BEN		1,727,617		1,727,617			1,727,617
114	908Z	SFAS 106 - MEDICARE SUBSIDY - (PPACA)-REG ASSET		(531,976)		(531,976)			(531,976)
115	913Y	MISC BK/TAX TIMING DIFFERENCES		(3,000,167)		(3,000,167)			(3,000,167)
116	921A	BK DEPLETION-MINERALS & RIGHTS		2,547,240		2,547,240			2,547,240
117	930A	BOOK > TAX BASIS-PRTSHP INVEST		(2,997,534)	2,997,534	-			-
118	940K	1998-1999 IRS AUDIT SETTLEMENT		(1,623)	1,623	-			-
119	960F-XS	EXCESS ADPIT		9,578,820	(9,578,820)	-			-
120		ACC OFD SIT		-	-	-			-
121	639O	BOOK > TAX BASIS EMA - 283 (B/L)		-	-	-			-
122		ADIT-Fed-Hdg-CF-Int Rate		(516,984)	516,984	-			-
123		SUB TOTAL		(34,412,755)	13,266,766	(21,115,969)	(2,690,864)	-	(23,806,953)
124	2833001	REG ASSET / LIABILITY - FLOW-THROUGH		(55,885,883)	-	(55,885,883)			(55,885,883)
125	2833002	ACCUM DEFERRED SIT - SFAS 109 FLOW-THRU		(200,765,163)		(200,765,163)			(200,765,163)
126	2834001	REG LIABILITY - EXCESS & FLOW-THROUGH		(5,971,036)	5,971,036	-			-
127		TOTAL 283 ADIT		(287,034,836)	19,267,822	(277,767,014)	(2,690,864)	-	(280,457,998)
128		TOTAL COMPANY ADIT		(925,730,079)	(85,223,466)	(1,010,653,546)	#REF!	-	#REF!

total - 486,745,961  
- 10,042,883  
476,703,078

SOUTHWESTERN ELECTRIC POWER COMPANY  
G-7 4b Adjustments to Accumulated Deferred Federal Income Taxes  
For the Test Year Ended March 31, 2022

Line No	(1) Account Number	(2) Description	(3) Reference Schedule	(4) Total Company	(5) Non-Applicable Non-Utility	(6) Total Electric	(7) Known Changes	(8) Post Test Year Adjustments	(9) Company Requested Electric	(10) Explanation of Adjustments
1	190	011C-DFT TAX CREDIT CF - DEF TAX ASSET		1,817,777	(1,817,777)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
2	432A	PUCT FUEL OIL RECOVERY-RETAL		22,582	(22,582)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
3	432C	AR - FUEL OVERLAP/RECOVERY		0	(0)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
4	432D	LA - FUEL OVERLAP/RECOVERY		0	(0)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
5	490A	UNBILLED REVENUE		4,533,514	(4,533,514)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
6	520A	PROVS POS3 REV REFDS-AL		5,284,794	(5,284,794)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
7	520K	MARK & SPREAD-DEFL-BROAL		-	-	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
8	520Y	PRON PGR RATE REFUND-TAX REFORM		2,768,097	(2,768,097)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
9	602A	PROV WORKER'S COMP		258,158	-	258,158	-	-	258,158	Related Items Not Included in Rate Base or Cost of Service
10	605E	SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN		108,138	-	108,138	-	-	108,138	Related Items Not Included in Rate Base or Cost of Service
11	605F	ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158		180,309	(180,309)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
12	605H	ACCRD BK SUP SAVINGS PLAN EXP		5,547	-	5,547	-	-	5,547	Related Items Not Included in Rate Base or Cost of Service
13	605K	ACCRUED BK BENEFIT COSTS		9,071	-	9,071	-	-	9,071	Related Items Not Included in Rate Base or Cost of Service
14	605O	ACCRUED PGR PLAN EXP		0	-	0	-	-	0	Related Items Not Included in Rate Base or Cost of Service
15	605P	STOCK BASED COMP-CAREER SHARES		1,815,586	(1,815,586)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
16	610A	BK PRON UNCOLL ADCTS -ST		64,262	-	64,262	-	-	64,262	Related Items Not Included in Rate Base or Cost of Service
17	610Y	PRON-FAS 157 - AL		(1,877)	1,877	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
18	611E	ACCRUED MINE RECLAMATION		9,445,908	-	9,445,908	181,801	-	9,627,781	See Worksheet G-7 4b for Supporting Information
19	611G	DEFD COMPENSATION-BOOK EXPENSE		355,965	-	355,965	-	-	355,965	Related Items Not Included in Rate Base or Cost of Service
20	611H	ACCRD COMPANYNDE INCENTIV PLAN		179,183	-	179,183	-	-	179,183	Related Items Not Included in Rate Base or Cost of Service
21	611C	ACCRD ENVIRONMENTAL LIAB-CURRENT		401	-	401	-	-	401	Related Items Not Included in Rate Base or Cost of Service
22	611E	ACCRUED BOOK VACATION PAY		2,403,813	-	2,403,813	-	-	2,403,813	Related Items Not Included in Rate Base or Cost of Service
23	611P	ACCRD ENVIRONMENTAL LIAB-LONG TERM		99,101	-	99,101	-	-	99,101	Related Items Not Included in Rate Base or Cost of Service
24	611R	COMPANYNDE COMP DEFERRAL PLAN		23,796	-	23,796	-	-	23,796	Related Items Not Included in Rate Base or Cost of Service
25	611S	ACCRUED INTEREST-LONG-TERM - FN 48		1	(1)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
26	611S	ACCRUED INTEREST-SHORT-TERM - FN 48		-	-	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
27	611S	ACCRUED STATE INCOME TAX EXP		(372,847)	372,847	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
28	615O	BK DFL FAN TRANS REVIEW		0	(0)	-	-	-	-	Not Texas Related
29	641I	ADVANCE RENTAL INC (CUR MO)		173,528	-	173,528	-	-	173,528	Related Items Not Included in Rate Base or Cost of Service
30	641K	DEFERRED INCOME - DOLET HILLS MYING BUYOUT		57,310	(57,310)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
31	651P	DISALLOWED COSTS - TURK PLANT		10,729,077	(10,729,077)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
32	651H	DISALLOWED COSTS - TURK PLANT AUX BUNKER		3,206,802	(3,206,802)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
33	651I	DISALLOWED COSTS-TX TRANS VEG MOT CST		412,834	(412,834)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
34	651J	DISALLOWED COSTS-TX DGT VEG MOT CST		661,751	(661,751)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
35	651K	DISALLOWED COSTS-TX TRANS VEG MOT CST-AMORT		(73,146)	73,146	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
36	651M	DISALLOWED COSTS-TX DGT VEG MOT CST-AMORT		(103,801)	103,801	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
37	651Q	DISALLOWED COSTS-TX SERP COSTS		33,771	(33,771)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
38	651R	DISALLOWED COSTS-TX DGT COSTS		32,502	(32,502)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
39	651T	DISALLOWED COSTS-TX CWP FINANCED INCEN-TRANS		569,244	(569,244)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
40	651W	DISALLOWED COSTS-TX CWP FINANCED INCEN-DIST		2,200,503	(2,200,503)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
41	651X	DISALLOWED COSTS-TX CWP FINANCED INCEN-GEN		645,475	(645,475)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
42	651Y	DISALLOWED COSTS-TX RWPP FINANCED INCEN-TRANS		18,464	(18,464)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
43	651Z	DISALLOWED COSTS-TX RWPP FINANCED INCEN-DIST		60,506	(60,506)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
44	652A	REG LIAB-ANNUAL MTR DASH DFL		(828,452)	828,452	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
45	652B	DISALLOWED COSTS-TX RWPP FINANCED INCEN-GEN		25,184	(25,184)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
46	701A	AMORT - GOODWILL PER BOOKS		1,271,788	(1,271,788)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
47	702A	GOODWILL PER TAX		(699,485)	699,485	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
48	710H	TAX DEFERRED ACQUISITION LEGAL COSTS		56,509	(56,509)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
49	800P	ACCRD OPER COSTS - SFAS 158		179,407	(179,407)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
50	800P	ACCRD BOOK ARO EXPENSE - SFAS 143		32,311,202	-	32,311,202	-	-	32,311,202	Related Items Not Included in Rate Base or Cost of Service
51	900A	BOOK OPERATING LEASE - LIAB		-	-	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
52	900B	BOOK OPERATING LEASE - ASSET		7,881,113	(7,881,113)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
53	911F-FN4	FN 48 DDT		-	-	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
54	911E	ACCRUED SALES & USE TAX RESERVE		-	-	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
55	911V	ACCRD DIT TX RESERVE-LNO-TERM-FN 48		(29,144)	29,144	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
56	911W	ACCRD SIT TX RESERVE-SHRT-TERM-FN 48		-	-	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
57	940X	RIS CAPITALIZATION ADJUSTMENT		410,888	-	410,888	-	-	410,888	Related Items Not Included in Rate Base or Cost of Service
58	940Z	AMT CREDIT - DEFERRED		-	-	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
59	940Z	NOL - DEFERRED TAX ASSET RECLASS		-	-	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
60	960A	RESTRICTED STOCK PLAN		54,605	(54,605)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
61	960I	PSA - STOCK BASED COMP		260,825	(260,825)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
62	0140-DIST	NOL-STATE CF-DEF STATE TAX ASSET-L/T		43,200,287	(43,200,287)	-	-	-	-	Not Texas Related
63	913D	CHARITABLE CONTRIBUTION CARRYFORW		1,497,806	(1,497,806)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
64	9902	FEDERAL NET OPERATING LOSS		-	-	-	-	-	-	To Adjust for a State-Allocated Federal Net Operating Loss
65		ADIT Federal Non-LIABIA PRV OGI		2,185	(2,185)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
66		ADIT-Fed-HSQ-CF-Int Rate		(851,872)	(851,872)	-	-	-	-	Related Items Not Included in Rate Base or Cost of Service
67		SUBTOTAL		138,513,419	(82,660,221)	45,453,199	191,801	-	45,045,000	
68		REG ASSET / LIABILITY - FLOW-THROUGH		43,010,483	-	43,010,483	-	-	43,010,483	
69	950F	REG LIABILITY - EXCESS & FLOW-THROUGH		187,664,231	(11,444,787)	158,918,444	-	-	158,918,444	To Remove Unreported Income from ADIT balance
70		TOTAL 190 ADIT		348,188,134	(104,025,008)	244,083,126	191,801	-	244,824,927	
71		281 PROPERTY ADIT		(59,882,477.86)	-	(59,882,478)	-	-	(59,882,478)	
72	950F	REG LIABILITY - EXCESS & FLOW-THROUGH		29,879,813.20	-	29,879,813	-	-	29,879,813	
73		TOTAL 281 ADIT		(43,002,665)	-	(43,002,665)	-	-	(43,002,665)	
74	282	NORMALIZED PROPERTY DIFFERENCES		(1,378,764,772)	45,829,652	(1,332,935,121)	WREF	-	WREF	See Worksheet G-7 4b for Supporting Information
75		REG ASSET / LIABILITY - FLOW-THROUGH		(51,755,128)	-	(51,755,128)	-	-	(51,755,128)	
76		REG LIABILITY - EXCESS & FLOW-THROUGH		405,829,287	(45,815,922)	449,823,405	10,042,883	-	459,866,288	To Remove Unreported Income from ADIT balance

SOUTHWESTERN ELECTRIC POWER COMPANY  
G-7 4b Adjustments to Accumulated Deferred Federal Income Taxes  
For the Test Year Ended March 31, 2020

Line No.	(1) Account Number	(2) Description	(3) Reference Schedule	(4) Total Company	(5) Non-Applicable/ Non-Utility	(6) Total Electric	(7) Known Change	(8) Post Test Year Adjustments	(9) Company Requested	(10) Explanation of Adjustments
74		TOTAL 282 ADIT		(524,680,512)	13,720	(524,666,792)	PREP	-	PREP	
75	283	0140-Q57T HOL-STATE Q-F-DEF STATE TAX ASSET-LUT		(1,143,082)	10,143,053	-	-	-	-	Not Taxon Related
76		575E MTM BK GAIN-LA-TAX DEFL		870,328	(870,328)	-	-	-	-	Related Item Not Included in Rate Base or Cost of Service
77		605B ACCRUED BK PENSION EXPENSE		(14,824,029)	-	(14,824,029)	(2,690,584)	-	(17,514,613)	See Worksheet G-7 4b for Supporting Information
78		605C ACCRUED BK PENSION COSTS - SFAS 158		20,053,069	(20,053,069)	-	-	-	-	Related Item Not Included in Rate Base or Cost of Service
79		603J DEF'D STORM DAMAGE		4	(4)	-	-	-	-	Related Item Not Included in Rate Base or Cost of Service
80		530M RATE CASE DEF'D CHGS		(1,309,255)	1,309,255	-	-	-	-	Not in Taxes Rates-See Schedule G-7 4b for Supporting Information
81		632J BK DEFL-DEMAND SIDE MGMT EXP		(309,562)	309,562	-	-	-	-	Related Item Not Included in Rate Base or Cost of Service
82		633A BOOK + TAX BASIS - DEMAND SID		8,844	-	8,844	-	-	8,844	
83		580A TRANSITION REGULATORY ASSETS		5,832	-	5,832	-	-	5,832	
84		600F REG ASSET-SFAS 142 - ARO		(1,529,306)	-	(1,529,306)	-	-	(1,529,306)	
85		600L REG ASSET-DEFERRED LITIGATION COSTS		(9)	-	(9)	-	-	(9)	
86		681R REG ASSET-SFAS 158 - PENSIONS		(20,348,089)	20,348,089	-	-	-	-	Related Item Not Included in Rate Base or Cost of Service
87		681S REG ASSET-SFAS 158 - SDRP		110,470	(110,470)	-	-	-	-	Related Item Not Included in Rate Base or Cost of Service
88		681T REG ASSET-SFAS 158 - DRCS		(2,629)	2,629	-	-	-	-	Related Item Not Included in Rate Base or Cost of Service
89		681U REG ASSET-WTS & DRP DEFERRALS		(152,950)	-	(152,950)	-	-	(152,950)	
90		684A REG ASSET-UNDR REC ENVIRON ADJ CLAUSE-LA		72,851	(72,851)	-	-	-	-	Not Taxon Related
91		684V REG ASSET-NET CCS FLED STUDY COSTS		-	-	-	-	-	-	
92		684X REG ASSET-SUPERCOMMOD TRANSACTION COST		(9)	-	(9)	-	-	(9)	
93		682P REG ASSET-LA 2008 FRP ASSET		(174,110)	174,110	-	-	-	-	Not Taxon Related
94		688J REG ASSET-ENERGY EFFICIENCY RECOVERY		(140,899)	-	(140,899)	-	-	(140,899)	
95		688K REG ASSET-SUPERPO SHPE ROAD		(77,997)	77,997	-	-	-	-	Not Taxon Related
96		670D REG ASSET-ENVIRONMENTAL CHEMICAL COST-AR		(741,441)	741,441	-	-	-	-	Not Taxon Related
97		672P REG ASSET-FACILITIES MAINT-SUPERPO LA		(206,482)	206,482	-	-	-	-	Not Taxon Related
98		673J REG ASSET-WELSH PLINT CRK ENVIRON DEF		(4,170,152)	4,170,152	-	-	-	-	Not Taxon Related
99		673K REG ASSET-WELSH PLINT CRK ENVIRON CONTRA		1,458,601	(1,458,601)	-	-	-	-	Not Taxon Related
100		673U REG ASSET-LA 2015 FRP-SPP DEFERRAL		(624,160)	624,160	-	-	-	-	Not Taxon Related
101		673V REG ASSET-LA 2015 FRP-UNREC EQUITY		34,009	(34,009)	-	-	-	-	Not Taxon Related
102		673Z REG ASSET-WELSH 2 TX-UNDRPN BAL		(3,455,449)	3,455,449	-	-	-	-	Not Taxon Related
103		674R REG ASSET-UNDR REC ENV-EXCESS TAX ETRN		(75,805)	75,805	-	-	-	-	Not Taxon Related
104		680F REG ASSET-ENV-ARO-RETRED PLANTS		(103,123)	103,123	-	-	-	-	Not Taxon Related
105		711M AMAX COAL CONTRACT-TX		0	-	0	-	-	0	
106		900A LOSS ON REACQUIRED DEBT		(1,265,156)	-	(1,265,156)	-	-	(1,265,156)	
107		900F BK DEFL GAIN REACQUIRED DEBT		(101)	-	(101)	-	-	(101)	
108		905A ACCRD OFAS 106 PST RETIRE EXP		(7,702,890)	-	(7,702,890)	-	-	(7,702,890)	
109		905D SFAS 106 PST RETIRE EXP - NON-DEDUCT COINT		3,842,727	-	3,842,727	-	-	3,842,727	
110		906K ACCRD SFAS 113 PST EMPLOY BEN		1,727,817	-	1,727,817	-	-	1,727,817	
111		906Z SFAS 106-MEDICARE SUBSIDY - (PPACA)-REG ASSET		(531,919)	-	(531,919)	-	-	(531,919)	
112		912Y BK DEFL - MERGER COSTS		(2,000,167)	-	(2,000,167)	-	-	(2,000,167)	
113		921A BK DEPLETION-MINERALS & RIGHTS		2,547,240	-	2,547,240	-	-	2,547,240	
114		930A BOOK + TAX BASIS-PRTSHIP RVLST		(2,997,534)	2,997,534	-	-	-	-	Related Item Not Included in Rate Base or Cost of Service
115		940K 1986-1990 IRS AUDIT SETTLEMENT		(1,623)	1,623	-	-	-	-	Related Item Not Included in Rate Base or Cost of Service
116		960F-XS EXCESS ADIT		9,579,820	(9,579,820)	-	-	-	-	To Reserve Unrecorded Excess from ADITT balance
117		ACC OFD SIT		-	-	-	-	-	-	Not Taxon Related
118		630D BOOK + TAX BASIS EMA - 283 (BAL)		(518,984)	518,984	-	-	-	-	Related Item Not Included in Rate Base or Cost of Service
119		ADIT-Facility-CF-Int Rate		-	-	-	-	-	-	Related Item Not Included in Rate Base or Cost of Service
120		SUB TOTAL		(24,412,754)	13,229,708	(21,115,808)	(2,690,584)	-	(23,806,952)	



SOUTHWESTERN ELECTRIC POWER COMPANY  
G 7.4b Adjustments to Accumulated Deferred Federal Income Taxes  
For the Test Year Ended March 31, 2020

(1) Line No.	(2) Account Number	(3) Description	(4) Reference Schedule	(5) Total Company	(6) Non-Applicable/ How-Utility	(7) Total Electric	(8) Known Change	(9) Post Test Year Adjustments	(10) Company Required Electric	(11) Explanation of Adjustments
121		REG ASSET / LIABILITY - FLOW-THROUGH		(55,885,883)	-	(55,885,883)	-	-	(55,885,883)	
122		ACCUM DEFERRED SIT - SFAS 109 FLOW-THRU		(200,765,163)	-	(200,765,163)	-	-	(200,765,163)	
123		REG LIABILITY - EXCESS & FLOW-THROUGH		(5,971,836)	5,971,836	-	-	-	-	
124		TOTAL REG ADIT		(97,024,830)	19,257,822	(77,767,014)	(2,890,880)	-	(90,457,940)	
125		TOTAL COMPANY ADIT		(97,024,830)	19,257,822	(77,767,014)	(2,890,880)	-	(90,457,940)	

126 Note: The information shown by each line number in this schedule, G-7.4b, which includes the explanation of adjustments, corresponds to the same information and line numbers on Schedule G-7.4

K93  
+ K86

G-7.4 ADIT  
459,866,348 ln 93  
26,879,613 ln 86

**SOUTHWESTERN ELECTRIC POWER COMPANY  
ADJUSTMENT SUPPORT  
TEST YEAR ENDING MARCH 31, 2020**

Description	Schedule Reference	Amounts	Description	
<b>NON-UTILITY / NON-APPLICABLE</b>				
ACCOUNT 282 NORMALIZED ADJUSTMENT		45,815,932	ADFIT Related to Unprotected Excess	960F-AS
		13,720	ADFIT Related to Joint Ventures System Fuel Project	680A
		-	ADFIT Related to Book Impaired Asset Reserve - SFAS 121	651A
	Schedule G-7.4b - Page 2 - Line 57	45,829,652	Total Non-Utility / Non-Applicable - Account 282	
ACCOUNT 283 NORMALIZED ADJUSTMENT	Schedule G-7.4b - Page 2 - Line 57	9,578,820	ADFIT Related to Unprotected Excess	960F-XS
<b>KNOWN CHANGES</b>				
ACCOUNT 190 NORMALIZED ADJUSTMENT	Schedule B-1.5 - Adjustment B-1.5.13	(913,343)	To adjust ADFIT for Accrued Mine Reclamation	
		21%		
	Schedule G-7.4b - Page 1 - Line 15	191,801	ADFIT Related to Accrued Mine Reclamation	
ACCOUNT 282 NORMALIZED ADJUSTMENT	Schedule B-1.5 - Adjustment B-1.5.4	224,168,719	Adjustment to Accumulated Depreciation for Texas Depreciation Rates	
	Schedule B-1.5 - Adjustment B-1.5.10	(4,416,089)	Adjustment to Accumulated Depreciation for ABFUDC	
	Schedule B-1.5 - Adjustment B-1.5.11	(13,389,353)	Adjustment to Accumulated Depreciation for SFAS 143	
		21%	Federal Income Tax Rate	
		(45,529,988)	Adjust ADFIT Related to Adjustment to Accumulated Depreciation for Texas Depreciation Rates, ABFUDC & SFAS 143	
ACCOUNT 282 NORMALIZED ADJUSTMENT	Schedule B-1.5 - Adjustment B-1.5.11	(10,042,883)	ADFIT Related to Protected Excess for NOL	960F-XS
	Schedule B-1.5 - Adjustment B-1.5.13	#REF!	To adjust for a Stand-Alone Federal Net Operating Loss	
	Schedule G-7.4b - Page 2 - Line 74	#REF!	Adjustment to Property Related ADFIT - Account 282	
ACCOUNT 283 ACCRUED BOOK PENSION COSTS	Schedule B-1.5 - Adjustment B-1.5.8	83,452,444	12 Month Average — Pension Prepaid Asset Balance Expense Amount	
		21%	Federal Income Tax Rate	
	Schedule G-7.4b - Page 3 - Line 61	(17,525,013)	Required ADFIT Balance	
	Schedule G-7.4b - Page 3 - Line 61	(14,834,029)	ADFIT Recorded in Account 283	
	Schedule G-7.4b - Page 3 - Line 61	(2,690,984)	Adjustment to ADFIT Related to Accrued Book Pension Costs Expense Amount	
<b>POST TEST YEAR ADJUSTMENTS</b>				
ACCOUNT 282 NORMALIZED ADJUSTMENT	Schedule G-7.11 - Page 1 of 1 - Line 3	N/A		
	Worksheet Schedule D-4	N/A		
	Schedule G-7.11 - Page 1 of 1 - Line 3	N/A		

0000248

SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO CITIES  
ADVOCATING REASONABLE DEREGULATION'S FOURTH SET OF REQUESTS  
FOR INFORMATION**

**Question No. CARD 4-31:**

EDIT: Please provide an analysis calculating the balance of Excess ADIT ("EDIT") at January 1, 2018 showing both the protected and unprotected balances in detail. Please provide the response to this request in Excel-compatible format with all formulas fully functional and intact.

**Response No. CARD 4-31:**

See CARD\_4-31\_Attachment\_1.xlsx for the initial calculation of excess ADFIT at January 1, 2018.

CARD 4-31 Attachment 1 available electronically on the PUC Interchange.

Prepared By: Jessica M. Criss

Title: Tax Analyst Prin

Sponsored By: David A. Hodgson

Title: Tax Acctg & Reg Support Mgr

Balances By GL Account  
Account Balance Report - B/S  
2018 Actuals w/ State Tax Data  
For the Month of: January TCJA

ADIT Tax Deferral Identifier C	ADIT Tax Deferral Description D	Beg Balance For TCJA Adjust In Jan 2018 E	Calculated TCJA Remeasurement F	End Balance For TCJA Adjust Month In January G=E+F
1901001 1901001 Accum Deferred FIT-Other				
011C-DFIT	TAX CREDIT C/F - DEF TAX ASSET	\$0.00	\$0.00	\$0.00
011C-MJE	TAX CREDIT C/F - DEF TAX ASSET- MJE	\$898,797.00	\$0.00	\$898,797.00
433A	PUCT FUEL O/U RECOVERY-RETAIL	\$0.02	\$0.01	\$0.03
433B	INTERFST-FUEL OVER/UNDER RECOVERY	\$0.00	\$0.22	\$0.22
433C	AR - FUEL OVER/UNDER RECOVERY	\$4,422,793.08	\$1,969,197.23	\$2,553,795.85
460A	UNBILLED REVENUE	\$7,743,814.56	\$0.00	\$7,743,814.56
520A	PROVS POSS REV REFDS-A/L	\$4,305,540.50	\$0.00	\$4,305,540.50
576F	MARK & SPREAD DEFL-190-A/L	\$62,792.65	\$24,917.06	\$87,709.71
602A	PROV WORKER'S COMP	\$164,185.77	\$0.00	\$164,185.77
605E	SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN	\$374,514.52	\$149,805.82	\$524,320.34
605F	ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158	\$395,493.00	\$158,197.20	\$553,690.20
605I	ACCRD BK SUP. SAVINGS PLAN EXP	\$405,516.80	\$159,264.22	\$564,781.02
605J	EMPLOYER SAVINGS PLAN MATCH	\$0.01	\$0.00	\$0.01
605K	ACCRUED BK BENEFIT COSTS	\$31,017.07	\$12,406.52	\$43,423.59
605O	ACCRUED PSI PLAN EXP	\$1,169,207.79	\$457,683.12	\$1,626,890.91
605P	STOCK BASED COMP-CAREER SHARES	\$1,122,944.32	\$419,177.73	\$1,542,122.05
610A	BK PROV UNCOLL ACCTS - ST	\$465,306.72	\$186,122.69	\$651,429.41
610U	PROV-TRADING CREDIT RISK - A/L	\$58.80	\$23.52	\$82.32
610V	PROV-FAS 157 - A/L	\$0.00	\$238.42	\$238.42
611E	ACCRUED MINE RECLAMATION	\$11,845,995.58	\$4,738,396.23	\$16,584,391.81
611G	DEFD COMPENSATION-BOOK EXPENSE	\$593,274.85	\$247,309.94	\$840,584.79
612Y	ACCRD COMPANYWIDE INCENTV PLAN	\$3,153,345.60	\$1,261,338.25	\$4,414,683.85
613C	ACCRD ENVIRONMENTAL LIAB CURRENT	\$9,147.88	\$1,659.15	\$10,807.03
613E	ACCRUED BOOK VACATION PAY	\$3,719,194.85	\$1,487,077.93	\$5,206,272.78
613F	ACCRD ENVIRONMENTAL LIAB-LONG TERM	\$1,193.44	\$477.35	\$1,670.79
613K	(ICDP) INCENTIVE COMP DEFERRAL PLAN	\$36,030.00	\$14,412.12	\$50,442.12
615A	ACCRUED INTEREST EXP - STATE	\$0.20	\$0.00	\$0.20
615B	ACCRUED INTEREST-LONG-TERM - FIN 48	\$2,220,348.45	\$288,059.38	\$2,508,407.83
615B MJE	ACCRD INTRST-TAX RES-LT-FIN 48-MJE	\$720,424.00	\$0.00	\$720,424.00
615C	ACCRUED INTEREST-SHORT-TERM - FIN 48	\$5,596.50	\$2,134.90	\$7,731.40
615E	ACCRUED STATE INCOME TAX EXP	\$6,21,084.00	\$248,561.60	\$6,459,645.60
615O	BK DFL RAIL TRANS REV/EXP	\$0.00	\$0.07	\$0.07
641I	ADVANCE RENTAL INC (CUR MO)	\$367,922.39	\$147,168.76	\$515,091.15
641X	DEFERRED INCOME - DOLETT HILLS MINING BUYOUT	\$95,516.93	\$39,266.76	\$134,783.69
651F	DISALLOWED COSTS-TURK PLANT	\$18,724,392.47	\$7,389,756.92	\$26,114,149.39
651H	DISALLOWED COSTS-TURK PLANT AUX BOILER	\$5,858,756.41	\$2,343,382.56	\$8,202,138.97
651I	DISALLOWED COSTS-TX TRANS VEG MGT CST	\$418,194.72	\$167,277.83	\$585,472.55
651J	DISALLOWED COSTS-TX DIST VEG MGT CST	\$1,444,748.67	\$577,899.17	\$2,022,647.84
651K	DISALLOWED COSTS-TX TRANS VEG MGT LSI-AMORI	\$15,363.11	\$6,547.26	\$21,910.37
651M	DISALLOWED COSTS-TX DIST VEG MGT CST-AMORT	\$250,175.98	\$34,449.59	\$284,625.57
651Q	DISALLOWED COSTS-TX SERP COSTS	\$178,687.62	\$72,245.05	\$250,932.67
651R	DISALLOWED COSTS-TX DIST COSTS	\$81,127.82	\$32,451.13	\$113,578.95
651S	DISALLOWED COSTS TX GEN COSTS	\$2,065,530.81	\$826,212.43	\$2,891,743.24
652G	REG LIAB-UNREAL MIM GAIN-DEFL	\$898,587.15	\$359,434.85	\$1,258,022.00
701A	AMORT GOODWILL PER BOOKS	\$2,119,648.30	\$847,859.32	\$2,967,507.62
703A	GOODWILL PER TAX	\$1,024,197.95	\$409,799.18	\$1,433,997.13
710H	AMORT ELEC PLT ACQ ADJS	\$165,639.25	\$66,255.70	\$231,894.95
906F	ACCRD OPEB COSTS - SFAS 158	\$2,311,671.79	\$525,468.47	\$2,837,140.26
906P	ACCRD BOOK ARO EXPENSE - SFAS 143	\$32,465,379.33	\$14,786,151.72	\$47,251,531.05
911F-FIN48	FIN 48 DSIT	\$131,621.50	\$13,869.80	\$145,491.30
911S	ACCRUED SALES & USE TAX RESERVE	\$6,461,400.00	\$261,450.00	\$6,722,850.00
911S	ACCRUED SALES & USE TAX RESERVE MJE	\$762,650.00	\$0.00	\$762,650.00
911V	ACCRD SIT TX RESERVE-LNG TERM-FIN 48	\$1,209,872.10	\$483,551.24	\$1,693,423.34
911V-MIF	ACCRD SIT TX RES-LNG-TERM-FIN 48-MJE	\$942,270.85	\$376,568.34	\$1,318,839.19
911W	ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48	\$18,776.10	\$7,516.14	\$26,292.24
940X	IRS CAPITALIZATION ADJUSTMENT	\$684,813.01	\$273,921.21	\$958,734.22
960E	AMT CREDIT - DEFERRED	\$124,850.00	\$0.00	\$124,850.00
960Z	NOL - DEFERRED TAX ASSET RECLASS	\$1,930,282.00	\$772,312.80	\$2,702,594.80
980A	RESTRICTED STOCK PLAN	\$107,528.81	\$43,011.52	\$150,540.33
980I	PSI - STOCK BASED COMP	\$111,579.71	\$46,611.83	\$158,191.54
Total For 1901001 1901001 Accum Deferred FIT-Other		\$95,841,180.32	\$18,015,424.55	\$113,856,604.87
2811001 2811001 Acc DFIT-Accel Amort Prop				
533A	TX AMORT POLLUTION CONT EQPT	\$67,118,483.25	\$26,847,393.30	\$93,965,876.55
Total 2811001 2811001 Acc DFIT-Accel Amort Prop		\$67,118,483.25	\$26,847,393.30	\$93,965,876.55
2821001 2821001 Accum Defd FIT-Util Prop				
230A	ACRS BENEFIT NORMALIZED	\$1,102,871,460.62	\$441,148,704.28	\$1,544,020,164.90
230I	CAPD INTEREST-SECTION 481(a)-CHANGE IN METHD	\$1,771,227.45	\$508,690.98	\$2,279,918.43
230I	RELOCATION CST-SECTION 481(a)-CHANGE IN METHD	\$81,564.35	\$12,625.74	\$94,190.09
230X	R & D DEDUCTION - SEC 174	\$14,135,272.32	\$5,653,308.92	\$19,788,581.24
234Q	MACRS TAX DEPRECIATION - RAIL CARS	\$1,625,773.20	\$1,850,109.52	\$3,475,882.72
260A	SPARE PARTS INVENTORY	\$2,799,917.00	\$1,139,966.50	\$3,939,883.50
280H	BK PLANT IN SERVICE - SFAS 143 - ARO	\$2,826,856.61	\$9,126,742.65	\$11,953,599.26
295A	GAIN/LOSS ON ACRS/MACRS PROPERTY	\$18,532,293.04	\$15,413,313.24	\$33,945,606.28
295C	GAIN/LOSS-ACRS/MACRS BK/TX UNIT PROP	\$1,764,744.72	\$705,897.85	\$2,470,642.57
295D	TAX LOSS ON PLANT RETIREMENTS / SAIF	\$2,688,135.43	\$1,075,254.18	\$3,763,389.61

Balances By GL Account  
Account Balance Report - B/S  
2018 Actuals w/ State Tax Data  
for the Month of January TCJA

ADIT Tax Deferral Identifier	ADIT Tax Deferral Description	Beg Balance For TCJA Adjust In Jan 2018	Calculated TCJA Remeasurement	End Balance For TCJA Adjust Month In January
320A	ABFUDC	(\$29,373,206.82)	\$31,728,396.41	(\$47,547,594.58)
380J	INT EXP CAPITALIZED FOR TAX	\$125,142,725.53	(\$56,457,036.21)	\$75,085,635.33
390A	CIAC - BOOK RECEIPTS	\$15,612,235.98	(\$6,444,834.14)	\$9,367,341.59
510H	PROPERTY TAX-NEW METHOD-BOOK	(\$2,273,356.33)	\$156,934.40	(\$235,301.60)
532A	PERCENT REPAIR ALLOWANCE	(\$5,136,749.24)	\$6,050,695.88	(\$9,076,043.82)
532C	BOOK/TAX UNIT OF PROPERTY ADJ	(\$74,122,662.45)	\$29,973,064.94	(\$43,959,597.41)
532D	BK/TX UNIT OF PROPERTY ADJ SEC 481 ADJ	(\$6,403,536.54)	\$14,641,414.62	\$21,962,121.93
533J	TX ACCEL AMORT - CAPITALIZED SOFTWARE	(\$2,759,262.00)	\$943,705.00	(\$1,415,557.50)
534A	CAPITALIZED RELOCATION COSTS	(\$5,136,749.24)	\$4,924,105.20	(\$7,386,172.80)
662A	WRITE-OFF RE SFAS 71	(\$1,186,749.91)	\$4,472,231.60	\$6,708,341.40
662B	SFAS 109 WRITE-OFF RE SFAS 71	(\$2,378,375.40)	\$1,151,330.00	(\$1,726,995.00)
680A	JOINT VENTURES-SYS FUFL PRI-TX	(\$277,866.00)	\$9,146.40	(\$14,719.60)
710W	BREM & HAUGH ACQUISITION ADJ-TX	\$6,218,248.14	(\$2,187,275.10)	\$3,730,948.94
711N	CAPITALIZED SOFTWARE COSTS-TAX	\$8,149.40	(\$1,259.76)	\$4,889.64
713O	BOOK LEASES CAPITALIZED FOR TAX	(\$618,283.40)	\$244,113.52	(\$366,170.28)
712K	CAPITALIZED SOFTWARE COST-BOOK	(\$11,571,211.13)	\$4,630,332.47	(\$6,945,436.16)
910J	INTEREST EXPENSE - COAL CARS	(\$14,179,908.08)	\$5,671,803.70	(\$8,507,704.80)
910K	REMOVAL CST	(\$2,415,057.45)	\$28,164,382.98	(\$2,466,574.47)
910W	REMOVAL COSTS REV-SFAS 143-ARO	(\$3,564.10)	\$4,225.64	(\$6,348.46)
960F-XS	EXCESS ADIT 282 - PROTECTED	\$387,222.41	(\$548,890.92)	(\$548,890.92)
Total For 2821001 2821001 Accum Defd FIT-Util Prop.		(\$1,765,340.70)	\$0.00	(\$1,356,840.40)
2831001 2831001 Accum Deferred FIT-Other				
014C AR	NOL-STATE C/F-DEF TAX ASSET-U/T - AR	(\$1,648,941.82)	\$647,577.93	(\$921,366.89)
014C-LA	NOL-STATE C/F-DEF TAX ASSET U/T - LA	(\$14,434,142.24)	\$5,973,898.90	(\$8,960,948.84)
014C-OK	NOL-STATE C/F-DEF TAX ASSET-U/T - OK	(\$5,348,461.00)	\$32,531.53	(\$48,727.29)
575E	MTM BK GAIN-A/L-TAX DEFL	(\$108,666.27)	\$354,755.69	(\$532,233.94)
575E-MJE	MTM BK GAIN-A/L-TAX DEFL - MJE	(\$5,555.82)	\$2,222.33	(\$3,333.52)
576C	MARK & SPREAD-DEFL-283-A/I	\$46,827.55	(\$5,473.42)	\$28,096.53
605B	ACCRUED BK PENSION EXPENSE	(\$6,342,476.22)	\$12,144,970.67	(\$18,217,455.95)
605C	ACCRUED BK PENSION COSTS - SFAS 158	\$33,703,809.60	(\$1,452,727.86)	\$20,221,085.76
614G	PROV LA FUEL LITIGATION EXP	\$0.00	(\$0.00)	(\$0.00)
630J	DEFD STORM DAMAGE	\$7.01	(\$2.00)	\$4.21
630M	RATE CASE DEFD CHGS	(\$2,490,211.12)	\$996,084.43	(\$1,494,126.69)
632U	BK DEFL-DEMAND SIDE MNGMT EXP	(\$3.00)	\$0.00	(\$3.00)
638A	BOOK > TAX BASIS - EMA-A/C 283	(\$27,711.93)	\$17,292.48	(\$14,438.21)
660A	TRANSITION REGULATORY ASSETS	\$0.03	\$0.00	\$0.03
660F	REG ASSET-SFAS 143 - ARO	(\$1,572,286.74)	\$628,514.69	(\$941,772.37)
660L	REG ASSET-DIFFERRED LITIGATION COSTS	\$0.00	(\$0.01)	(\$0.01)
661R	REG ASSET-SFAS 158 - PENSIONS	(\$33,703,810.11)	\$13,480,774.04	(\$20,221,086.09)
661S	REG ASSET-SFAS 158 - SERP	(\$305,494.07)	\$158,197.20	(\$147,296.80)
661T	REG ASSET-SFAS 158 - OPCB	\$1,313,673.89	(\$525,468.75)	\$788,203.14
664A	REG ASSET-UND/REC ENVRION ADJ CLAUSE LA	(\$86,447.71)	\$34,579.09	(\$51,868.62)
664R	REG ASSET-VALLEY DISTRICT DUE DILIGENCE	(\$11,561.24)	\$4,624.48	(\$6,936.76)
664S	REG ASSET-VMCO EMPLOYEE RETIREMENT	\$0.07	(\$0.03)	\$0.04
664U	REG ASSET-VMCO ACQUIS/INVESTMENTS	(\$0.10)	\$0.04	(\$0.06)
664V	REG ASSET-NET CCS FEED STUDY COSTS	(\$164,526.44)	\$65,810.44	(\$98,715.85)
664X	REG ASSET-SWPCO/VMCO TRANSACTION COST	(\$4.11)	\$0.05	(\$4.06)
668P	REG ASSET-LA FRP ASSET	(\$14,734.09)	\$7,693.64	(\$11,540.45)
669J	REG ASSET-ENERGY EFFICIENCY RECOVERY	(\$1,431,346.46)	\$572,538.59	(\$858,807.87)
669X	REG ASSET-SWPCO SHIPE ROAD	(\$1,117,540.70)	\$457,016.35	(\$680,524.53)
669Y	REG ASSET-2010 SEVERANCE COSTS-LA FRP	(\$94,479.24)	\$37,791.70	(\$56,687.54)
670Q	REG ASSET-ENVIRONMENTAL CHEMICAL COST-AR	(\$147,021.00)	\$297,188.72	(\$445,231.28)
672P	REG ASSET-FACILITIES MAINT-SWPCO LA	(\$43,034.91)	\$77,225.56	(\$135,838.35)
673J	REG ASSET-WELSH/FLINT CRK ENVIRON DEF	(\$8,741,449.19)	\$3,297,775.75	(\$4,943,663.94)
673K	REG ASSET-WELSH/FLINT CRK ENVIRON-CONTRA	\$2,883,671.65	(\$1,152,465.66)	\$1,730,202.99
673U	REG ASSET-LA 2015 FRP-SPP DEFERRAL	(\$1,652,557.25)	\$660,821.26	(\$991,221.63)
673V	REG ASSET-LA 2015 FRP-UNREC EQUITY	\$36,002.66	(\$14,401.06)	\$21,601.60
673Z	REG ASSET-WELSH 2 TX-UNDEPR BAL	(\$6,141,445.87)	\$2,460,738.75	(\$3,680,707.12)
690F	REG ASSET-NBV-ARO-RETIRED PLANTS	(\$177,867.82)	\$71,147.12	(\$106,720.64)
711M	AMAX COAL CONTRACT-TX	\$0.00	\$0.01	\$0.01
900A	LOSS ON REACQUIRED DEBT	(\$1,633,229.26)	\$652,488.20	(\$978,712.06)
900F	BK DEFL-GAIN REACQUIRED DEBT	\$7,004.64	(\$2,804.83)	\$4,202.79
906A	ACCRD SFAS 106 PST RETIRE EXP	(\$8,497,777.04)	\$3,398,910.83	(\$5,098,866.21)
906D	SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT	\$5,735,184.86	(\$2,744,873.94)	\$3,441,110.92
906K	ACCRD SFAS 112 PST EMPLOY BEN	\$1,726,929.67	(\$640,771.23)	\$1,036,157.78
906Z	SFAS 106 - MEDICARE SUBSIDY - (PPACA)-REG ASSET	(\$1,306,668.59)	\$522,643.43	(\$783,965.16)
913Y	BK DEFL - MERGER COSTS	\$0.07	\$0.01	\$0.08
921A	BK DEPLETION-MINERALS & RIGHTS	\$2,884,305.23	(\$1,154,722.08)	\$1,730,583.15
930A	BOOK > TAX BASIS-PRTHP INVEST	(\$1,221,395.32)	\$1,408,758.12	(\$2,111,137.18)
940X	1988 1990 IRS AUDIT SETTLEMENT	(\$2,725.00)	\$1,082.00	(\$1,623.00)
960F-XS	EXCESS ADIT 283 - UNPROTECTED	\$0.00	(\$2,959,106.84)	(\$2,959,106.84)
Total For 2831001 2831001 Accum Deferred FIT-Other		(\$72,916,094.86)	\$11,168,031.25	(\$61,648,063.61)
Total For SWEPco Corp Consolidated.		(\$1,410,933,605.22)	\$0.00	(\$1,410,933,605.22)

SOUTHWESTERN ELECTRIC POWER COMPANY  
Depreciation Expense  
For the Test Year Ended March 31, 2020

Line No.	(1) Description	(2) Schedule A Reference	(3) Workpaper Reference	(4) Acct Reference	(5) Exp Amt As Adjusted	(6) TY Amt Per Books	(7) Total Adjustment
1	Depreciation Expense - Production	Sch A, ln 6	Schedule D-4	4030	\$ 127,726,011	118,198,563	\$ 9,527,448
2	Depreciation Expense - Transmission	Sch A, ln 6	Schedule D-4	4030	47,949,610	49,421,354	(1,471,744)
3	Depreciation Expense - Distribution	Sch A, ln 6	Schedule D-4	4030	64,202,401	61,585,051	2,617,350
4	Depreciation Expense - General	Sch A, ln 6	Schedule D-4	4030	6,770,784	7,111,545	(340,761)
5	Amortization - Intangible Plant	Sch A, ln 6	Schedule D-4	4040	22,714,099	17,421,930	5,292,169
6	Amortization - Texas Impairment	Sch A, ln 6	Schedule D-4	4030	(1,209,820)	0	(1,209,820)
7	Total				<u>\$ 268,153,085</u>	<u>\$ 253,738,443</u>	<u>\$ 14,414,642</u>

8 Note: The TY Amount per Books for Amortization- Texas Impairment is included in the depreciation expense lines at rows 12-14.

9 TX Impairments by Function:

10	Production	53%	(1,172,951)
11	Transmission	20%	(15,763)
12	Distribution	27%	(21,106)
13		<u>100%</u>	<u>(1,209,820)</u>

Justification for requested adjustment:

Adjust depreciation and amortization expense to reflect test year ending plant balances and proposed changes in depreciation rates. The discussion of this adjustment can be found in the testimonies of Mr. Michael Baird and Mr. Jason Cash.

SOUTHWESTERN ELECTRIC POWER COMPANY  
Depreciation Expense  
For the Test Year Ended March 31, 2020

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
				CURRENT TEST YEAR (A)			REQUESTED TEST YEAR			
Line No.	Account Number	Description of Account	Total Plant	Depreciable Plant	Depreciation Rate	Depreciation Expense	Depreciable Plant	Depreciation Rate	Depreciation Expense	Adjustments
1		Intangible Plant								
2	30100	Organization Costs	12,202	0	0.000%	0	0	0.000%	0	0
3	30300	Intangible Property	133,067,900	133,067,900	20.000%	26,613,580	133,067,900	17.070%	22,714,099	(3,899,481)
4	Functional Total	Intangible Plant Total	133,080,102	133,067,900	20.000%	26,613,580	133,067,900	17.070%	22,714,099	(3,899,481)
5										
6		Production Plant								
7		Arsenal Hill								
8	310	Land and Land Rights	370,798	0	0.000%	0	0	0.000%	0	0
9	311	Structures and Improvements	6,520,210	6,520,210	4.590%	299,278	6,520,210	5.530%	360,568	61,290
10	312	Boiler Plant Equipment	7,191,370	7,191,370	5.020%	361,007	7,191,370	5.840%	419,976	58,969
11	314	Turbogenerator Units	5,437,070	5,437,070	4.370%	237,600	5,437,070	5.290%	287,621	50,021
12	315	Accessory Electric Equipment	1,252,874	1,252,874	5.440%	68,156	1,252,874	6.320%	79,182	11,026
13	316	Misc Power Plant Equipment	7,256,618	7,256,618	6.880%	499,255	7,256,618	8.460%	613,910	114,655
14	317	ARO Steam Production Plant	507,714	507,714		16,832	507,714		16,832	(0)
15										
16			28,536,655	28,165,856	5.262%	1,482,128	28,165,856	6.313%	1,778,089	295,961
17		Knox Lee								
18	310	Land and Land Rights	102,781	0	0.000%	0	0	0.000%	0	0
19	311	Structures and Improvements	9,077,083	9,077,083	3.490%	316,790	9,077,083	3.280%	297,728	(19,062)
20	312	Boiler Plant Equipment	32,773,283	32,773,283	3.920%	1,284,713	32,773,283	3.730%	1,222,443	(62,270)
21	314	Turbogenerator Units	18,087,784	18,087,784	3.620%	654,778	18,087,784	3.620%	654,778	0
22	315	Accessory Electric Equipment	4,671,832	4,671,832	4.210%	196,684	4,671,832	4.030%	188,275	(8,409)
23	316	Misc Power Plant Equipment	2,053,745	2,053,745	4.990%	102,482	2,053,745	4.550%	93,445	(9,037)
24	317	ARO Steam Production Plant	3,294,854	3,294,854		45,082	3,294,854		62,375	17,292
25			70,061,363	69,958,582	3.717%	2,600,529	69,958,582	3.601%	2,519,044	(81,486)
26		Lieberman								
27	310	Land and Land Rights	24,026	0	0.000%	0	0	0.000%	0	0
28	311	Structures and Improvements	5,407,423	5,407,423	4.980%	269,290	5,407,423	7.760%	419,616	150,326
29	312	Boiler Plant Equipment	20,004,081	20,004,081	5.550%	1,110,227	20,004,081	8.190%	1,638,334	528,107
30	314	Turbogenerator Units	11,758,614	11,758,614	5.130%	603,217	11,758,614	7.540%	886,600	283,383
31	315	Accessory Electric Equipment	3,471,047	3,471,047	5.490%	190,561	3,471,047	8.220%	285,320	94,759
32	316	Misc Power Plant Equipment	2,320,380	2,320,380	8.280%	192,127	2,320,380	11.370%	263,827	71,700
33	317	ARO Steam Production Plant	1,263,344	1,263,344		79,034	1,263,344		79,034	0
34										
35			44,248,916	44,224,890	5.527%	2,444,456	44,224,890	8.079%	3,572,731	1,128,275
36		Lone Star								
37	310	Land and Land Rights	58,487	0	0.000%	0	0		0	0
38	311	Structures and Improvements	934,757	934,757	10.360%	96,841	934,757		0	(96,841)
39	312	Boiler Plant Equipment	4,155,251	4,155,251	11.480%	477,023	4,155,251		0	(477,023)
40	314	Turbogenerator Units	2,586,137	2,586,137	10.620%	274,648	2,586,137		0	(274,648)
41	315	Accessory Electric Equipment	879,417	879,417	12.340%	108,520	879,417		0	(108,520)
42	316	Misc Power Plant Equipment	201,389	201,389	18.290%	36,834	201,389		0	(36,834)
43	317	ARO Steam Production Plant	123,592	123,592		1,923	123,592		7,692	5,769
44			8,939,030	8,880,543	11.213%	995,789	8,880,543	0.087%	7,692	(988,097)
45		Stall								
46	311	Structures & Improvements	54,049,883	54,049,883	2.620%	1,416,107	54,049,883	2.700%	1,459,347	43,240
47	312	Boiler Plant Equipment	86,615,853	86,615,853	2.620%	2,269,335	86,615,853	2.700%	2,338,628	69,290

**SOUTHWESTERN ELECTRIC POWER COMPANY**  
**Depreciation Expense**  
**For the Test Year Ended March 31, 2020**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
			CURRENT TEST YEAR (A)				REQUESTED TEST YEAR				
Line No.	Account Number	Description of Account	Total Plant	Depreciable Plant	Depreciation Rate	Depreciation Expense	Depreciable Plant	Depreciation Rate	Depreciation Expense	Adjustments	
48	314	Turbogenerator Units	167,844,891	167,844,891	2.640%	4,431,105	167,844,891	2.750%	4,615,734	184,629	
49	315	Accessory Electrical Equipment	39,669,301	39,669,301	2.620%	1,039,336	39,669,301	2.690%	1,067,104	27,768	
50	316	Misc. Power Plant Equip.	83,804,965	83,804,965	2.620%	2,195,690	83,804,965	2.690%	2,254,354	58,664	
51			431,984,893	431,984,893	2.628%	11,351,573	431,984,893	2.717%	11,735,167	383,594	
52											
53		Wilkes									
54	310	Land and Land Rights	443,729	0	0.000%	0	0	0.000%	0	0	
55	311	Structures and Improvements	8,413,815	8,413,815	2.890%	243,159	8,413,815	2.890%	243,159	0	
56	312	Boiler Plant Equipment	53,965,139	53,965,139	3.200%	1,726,884	53,965,139	3.580%	1,931,952	205,068	
57	314	Turbogenerator Units	37,889,001	37,889,001	3.230%	1,223,815	37,889,001	3.220%	1,220,026	(3,789)	
58	315	Accessory Electric Equipment	10,313,189	10,313,189	4.050%	417,684	10,313,189	4.110%	423,872	6,188	
59	316	Misc Power Plant Equipment	9,145,772	9,145,772	4.790%	438,082	9,145,772	4.760%	435,339	(2,743)	
60	317	ARO Steam Production Plant	4,897,017	4,897,017		194,290	4,897,017		29,166	(165,123)	
61											
62			125,067,663	124,623,934	3.405%	4,243,914	124,623,934	3.437%	4,283,514	39,601	
63		Mattison									
64	315	Accessory Electric Equipment	0	0	0.000%	0	0		0	0	
65	316	Misc Power Plant Equipment	0	0	0.000%	0	0		0	0	
66	340	Land and Land Rights	1,451,852	0	0.000%	0	0		0	0	
67	341	Structures and Improvements	31,112,215	31,112,215	2.490%	774,694	31,112,215	2.530%	787,139	12,445	
68	343	Prime Movers		0	0.000%	0	0		0	0	
69	344	Generators	84,482,099	84,482,099	2.490%	2,103,604	84,482,099	2.530%	2,137,397	33,793	
70	345	Accessory Electric Equipment	9,003,410	9,003,410	2.520%	226,886	9,003,410	2.600%	234,089	7,203	
71	346	Misc Power Plant Equipment	940,366	940,366	2.680%	25,202	940,366	2.740%	25,766	564	
72			126,989,942	125,538,090	2.494%	3,130,386	125,538,090	2.537%	3,184,391	54,005	
73											
74		Total Gas Units	835,828,462	833,376,788	3.150%	26,248,774	833,376,788	3.250%	27,080,627	831,853	
75											
76		Pirkey									
77	310	Land and Land Rights	5,843,029	0	0.000%	0	0	0.000%	0	0	
78	311	Structures and Improvements	109,347,303	109,347,303	2.260%	2,471,249	109,347,303	2.190%	2,394,706	(76,543)	
79	312	Boiler Plant Equipment	380,502,034	380,502,034	2.490%	9,474,501	380,502,034	2.490%	9,474,501	0	
80	314	Turbogenerator Units	50,950,757	50,950,757	2.270%	1,156,582	50,950,757	2.190%	1,115,822	(40,760)	
81	315	Accessory Electric Equipment	18,417,046	18,417,046	2.390%	440,167	18,417,046	2.410%	443,851	3,684	
82	316	Misc Power Plant Equipment	19,401,615	19,401,615	2.370%	459,818	19,401,615	2.390%	463,699	3,881	
83	317	ARO Steam Production Plant	(51,557)	(51,557)		(2,583)	(51,557)		(2,583)	0	
84	317	ARO Steam Production Plant ARO#1	15,549,127	15,549,127		506,728	15,549,127		272,703	(234,026)	
85	317	ARO Steam Production Plant ARO#2	13,646	13,646		375	13,646		375	0	
86	317	ARO Steam Production Plant ARO#3	7,894,655	7,894,655		273,148	7,894,655		26,464	(246,684)	
87	317	ARO Steam Production Plant ARO#4	313,973	313,973		10,238	313,973		10,238	0	
88	317	ARO Steam Production Plant ARO#5	305,899	305,899		9,975	305,899		9,975	0	
89	317	ARO Steam Production Plant ARO#6	313,973	313,973		10,238	313,973		10,238	0	
90			608,801,500	602,958,471	2.456%	14,810,438	602,958,471	2.358%	14,219,990	(590,448)	
91		Flint Creek									

0000254



SOUTHWESTERN ELECTRIC POWER COMPANY  
Depreciation Expense  
For the Test Year Ended March 31, 2020

Line No.	(1) Account Number	(2) Description of Account	(3) Total Plant	(4) CURRENT TEST YEAR (A)		(6) Depreciation Expense	(7) REQUESTED TEST YEAR		(9) Depreciation Expense	(10) Adjustments
				(5) Depreciable Plant	(5) Rate		(8) Depreciable Plant	(8) Rate		
92	310	Land and Land Rights	3,364,925	0	0.000%	0	0	0.000%	0	0
93	311	Structures and Improvements	27,359,428	27,359,428	2.730%	746,912	27,359,428	2.830%	774,272	27,360
94	312	Boiler Plant Equipment	295,436,035	295,436,035	2.790%	8,242,665	295,436,035	4.160%	12,290,139	4,047,474
95	31211	Railcars	4,312,572	4,312,572	3.020%	0	4,312,572	3.120%	0	0
96	314	Turbogenerator Units	16,634,655	16,634,655	2.660%	442,482	16,634,655	2.970%	494,049	51,567
97	315	Accessory Electric Equipment	10,970,525	10,970,525	2.820%	309,369	10,970,525	3.300%	362,027	52,658
98	316	Misc Power Plant Equipment	6,309,978	6,309,978	3.000%	189,299	6,309,978	3.130%	197,502	8,203
99	317	ARO Steam Production Plant	845,504	845,504		29,167	845,504		29,167	(0)
100	317	ARO #1	4,820,249	4,820,249		182,246	4,820,249		156,984	(25,262)
101	317	ARO #2	5,173,977	5,173,977		244,617	5,173,977		71,725	(172,892)
102	317	ARO #3	519,417	519,417		29,324	519,417		34,446	5,122
103			375,747,265	372,382,340	2.797%	10,416,081	372,382,340	3.870%	14,410,311	3,994,230
104		Welsh								
105	310	Land and Land Rights	1,895,474	0	0.000%	0	0	0.000%	0	0
106	311	Structures and Improvements	73,688,869	73,688,869	2.120%	1,562,204	73,688,869	2.770%	2,041,182	478,978
107	312	Boiler Plant Equipment	584,376,830	584,376,830	2.220%	12,973,166	584,376,830	3.520%	20,570,064	7,596,898
108	31211	RailCars	12,975,936	12,975,936	2.770%	0	12,975,936	2.750%	356,838	356,838
109	314	Turbogenerator Units	142,126,402	142,126,402	2.210%	3,140,993	142,126,402	3.130%	4,448,556	1,307,563
110	315	Accessory Electric Equipment	47,084,699	47,084,699	2.600%	1,224,202	47,084,699	3.520%	1,657,381	433,179
111	316	Misc Power Plant Equipment	21,832,853	21,832,853	2.880%	628,786	21,832,853	3.170%	692,101	63,315
112	317	ARO Steam Production Plant	2,820,865	2,820,865		89,493	2,820,865		89,493	0
113	317	ARO #1 Welsh Landfill	13,524,652	13,524,652		543,269	13,524,652		81,425	(461,844)
114	317	ARO #2 Welsh Landfill	11,874,520	11,874,520		455,299	11,874,520		248,986	(206,314)
115	317	ARO #3 Welsh Landfill	1,040,507	1,040,507		40,696	1,040,507		37,740	(2,955)
116	317	ARO #4 Welsh Landfill	3,648,822	3,648,822		135,822	3,648,822		180,190	44,368
117			916,890,427	914,994,954	2.273%	20,793,929	914,994,954	3.323%	30,403,956	9,610,027
118		Dolet Hills								
119	310	Land and Land Rights	1,510,615	0	0.000%	0	0	0.000%	0	0
120	311	Structures and Improvements	57,023,545	57,023,545	2.220%	1,265,923	57,023,545		528,106	(737,817)
121	312	Boiler Plant Equipment	211,135,254	211,135,254	2.510%	5,299,495	211,135,254		8,300,477	3,000,982
122	314	Turbogenerator Units	39,735,805	39,735,805	2.320%	921,871	39,735,805		694,834	(227,037)
123	315	Accessory Electric Equipment	12,572,796	12,572,796	2.280%	286,660	12,572,796		220,998	(65,662)
124	316	Misc Power Plant Equipment	16,666,082	16,666,082	2.430%	404,986	16,666,082		334,407	(70,579)
125	317	ARO Steam Production Plant-Ash Pond	1,257,350	1,257,350		33,980	1,257,350		43,577	9,597
126	317	ARO Steam Prod. Plant & Lignite Mine	(26,693)	(26,693)		(1,209)	(26,693)		(1,522)	(313)
127										
128			339,874,755	338,364,140	2.427%	8,211,705	338,364,140	2.991%	10,120,876	1,909,171
129		Turk (D)								
130	310	Land and Land Rights	13,355,616	0		0	0	0.000%	0	0
131	311	Structures and Improvements	287,540,622	287,540,622	1.910%	5,492,026	287,540,622	1.910%	5,492,026	0
132	312	Boiler Plant Equipment	992,441,976	992,441,976	1.900%	18,856,398	992,441,976	1.910%	18,955,642	99,244
133	314	Turbogenerator Units	232,629,873	232,629,873	1.900%	4,419,968	232,629,873	1.900%	4,419,968	0
134	315	Accessory Electric Equipment	93,354,798	93,354,798	1.900%	1,773,741	93,354,798	1.900%	1,773,741	0
135	316	Misc Power Plant Equipment	48,577,117	48,577,117	1.900%	922,965	48,577,117	1.910%	927,823	4,858
135	317	ARO#1 Turk Landfill	3,669,588	3,669,588		94,653			94,653	(0)
136	116	Turk Impairment	(51,821,999)	(51,821,999)		(1,130,962)			(1,130,962)	0
137			1,619,747,591	1,606,391,975	1.959%	31,465,098	1,654,544,386	1.845%	30,532,891	104,102
138										

**SOUTHWESTERN ELECTRIC POWER COMPANY**  
**Depreciation Expense**  
**For the Test Year Ended March 31, 2020**

Line No.	(1) Account Number	(2) Description of Account	(3) Total Plant	(4) Depreciable Plant	(5) CURRENT TEST YEAR (A) Depreciation Rate Depreciation Expense		(7) REQUESTED TEST YEAR Depreciable Plant Depreciation Rate Depreciation Expense		(9) Depreciation Expense	(10) Adjustments
139		Total Coal & Lignite	3,861,061,538	3,835,091,880	2.235%	85,697,251	3,883,244,291	2.567%	99,688,024	15,027,081
140	116	Texas Impairments	(3,371,421)	(3,371,421)	2.339%	(78,858)	(3,371,421)	2.339%	(78,858)	0
141		Total Production	4,693,518,580	4,665,097,247	2.398%	111,867,168	4,713,249,658	2.688%	126,689,793	15,858,934
142										
143		Transmission Plant								
144	350	Land	5,261,997	0	0.000%	0	0	0.000%	0	0
145	350.1	Land Rights	98,999,157	98,999,157	1.290%	1,277,089	98,999,157	1.330%	1,316,689	39,600
146	352	Structures and Improvements	25,898,956	25,898,956	1.320%	341,866	25,898,956	1.460%	378,125	36,259
146	353	Station Equipment	702,621,265	702,621,265	1.270%	8,923,290	702,621,265	1.540%	10,820,367	1,897,077
147	35316	Station Equipment - Smart Grid	5,325,669	5,325,669	1.270%	67,636	5,325,669	1.540%	82,015	14,379
148	354	Towers and Fixtures	40,298,806	40,298,806	1.400%	564,183	40,298,806	1.460%	588,363	24,180
149	355	Poles and Fixtures	760,410,316	760,410,316	3.100%	23,572,720	760,410,316	3.420%	26,006,033	2,433,313
149	356	Overhead Conductors, Device	394,830,461	394,830,461	1.780%	7,027,982	394,830,461	2.070%	8,172,991	1,145,009
150	35616	Overhead Conductors, Device - Smart Grid	29,146,214	29,146,214	1.780%	518,803	29,146,214	2.070%	603,327	84,524
151	357	Underground Conduit	3,878,347	3,878,347	1.780%	69,035	3,878,347	1.990%	77,179	8,144
151	358	Undergrnd Conductors Device	295	295	1.690%	5	295	1.990%	6	1
152	35816	Undergrnd Conductors Device - Smart Grid	87,920	87,920	1.690%	1,486	87,920	1.990%	1,750	264
153	359	Roads and Trails	131,947	131,947	1.350%	1,781	131,947	1.350%	1,781	0
154	116	Texas Impairments	(3,446,767)	(3,446,767)	2.339%	(80,620)	(3,446,767)	2.339%	(80,620)	
155	116	Vegetation Management	(1,965,876)	(1,965,876)	1.784%	(35,071)	(1,965,876)	1.784%	(35,071)	
156										
157			2,061,478,708	2,056,216,711	2.055%	42,250,185	2,056,216,711	2.331%	47,932,935	5,682,750
158										
159		Distribution Plant								
160	360	Land	6,369,465	0	0.000%	0	0	0.000%	0	0
161	360.1	Land Rights	3,593,142	3,593,142	0.990%	35,572	3,593,142	1.410%	50,663	15,091
162	361	Structures and Improvements	9,549,726	9,549,726	1.270%	121,282	9,549,726	1.430%	136,561	15,279
163	362	Station Equipment	335,620,301	335,620,301	1.910%	6,410,348	335,620,301	1.950%	6,544,596	134,248
164	36216	Station Equipment - Smart Grid	1,936,142	1,936,142	1.910%	36,980	1,936,142	1.950%	37,755	775
164	364	Poles, Towers and Fixtures	478,641,303	478,641,303	2.490%	11,918,168	478,641,303	2.830%	13,545,549	1,627,381
165	365	Overhead Conductors, Device	482,135,920	482,135,920	2.690%	12,969,456	482,135,920	3.030%	14,608,718	1,639,262
166	366	Underground Conduit	73,228,155	73,228,155	1.250%	915,352	73,228,155	1.370%	1,003,226	87,874
167	367	Undergrnd Conductors, Device	237,556,836	237,556,836	1.720%	4,085,978	237,556,836	2.360%	5,606,341	1,520,363
168	368	Line Transformers	410,262,098	410,262,098	1.900%	7,794,980	410,262,098	2.400%	9,846,290	2,051,310
169	369	Services	97,827,493	97,827,493	2.710%	2,651,125	97,827,493	2.800%	2,739,170	88,045
170	370	Meters	86,232,258	86,232,258	4.060%	3,501,030	86,232,258	7.880%	6,795,102	3,294,072
171	371	Installs Customer Premises	44,154,413	44,154,413	4.380%	1,933,963	44,154,413	4.920%	2,172,397	238,434
172	373	Street Lghtng & Signal Sys	43,164,228	43,164,228	3.020%	1,303,560	43,164,228	3.180%	1,372,622	69,062
173	116	Texas Impairments	(6,252,402)	(6,252,402)	2.339%	(146,244)	(6,252,402)	2.339%	(146,244)	
174	116	Vegetation Management	(4,103,577)	(4,103,577)	2.689%	(110,345)	(4,103,577)	2.689%	(110,345)	
173			2,299,915,501	2,293,546,036	2.329%	53,421,205	2,293,546,036	2.799%	64,202,401	10,781,196
174										
175		General Plant								
176	38900	Land	22,110,282	0	0.000%	0	0	0.000%	0	0

0000256

**SOUTHWESTERN ELECTRIC POWER COMPANY**  
**Depreciation Expense**  
**For the Test Year Ended March 31, 2020**

(1)	(2)	(3)	(4) CURRENT TEST YEAR (A)			(7) REQUESTED TEST YEAR			(10)	
Line No.	Account Number	Description of Account	Total Plant	Depreciable Plant	Depreciation Rate	Depreciation Expense	Depreciable Plant	Depreciation Rate	Depreciation Expense	Adjustments
177	39000	Structures and Improvements	106,905,268	106,905,268	1.620%	1,731,865	106,905,268	1.860%	1,988,438	256,573
178	39100	Office Furniture, Equipment	9,322,741	9,322,741	4.320%	402,742	9,322,741	4.340%	404,607	1,865
179	39111	Office Equip - Computers	48,297	48,297	10.690%	5,163	48,297	18.550%	7,993	2,830
180	39200	Transportation Equipment	4,118,518	4,118,518	1.820%	74,957	4,118,518	5.410%	222,812	147,855
181	39300	Stores Equipment	3,172,562	3,172,562	3.940%	124,999	3,172,562	3.910%	124,047	(952)
182	39400	Tools	29,803,702	29,803,702	3.080%	917,954	29,803,702	3.050%	909,013	(8,941)
183	39500	Laboratory Equipment	5,501,275	5,501,275	1.520%	83,619	5,501,275	3.720%	204,647	121,028
184	39600	Power Operated Equipment	698,227	698,227	5.530%	38,612	698,227	5.350%	37,355	(1,257)
185	39700	Communication Equipment	43,138,805	43,138,805	8.790%	3,791,901	43,138,805	5.310%	2,290,671	(1,501,230)
186	39711	Comm Equip-Mobile Radios	334,984	334,984	8.790%	29,445	334,984	5.310%	17,788	(11,657)
187	39712	Comm Equip-SCADA, RTU	3,736,128	3,736,128	8.790%	328,406	3,736,128	5.310%	198,388	(130,018)
188	39713	Comm Equip-Masts, Antennas	121,728	121,728	8.790%	10,700	121,728	5.310%	6,464	(4,236)
189	39716	Comm Equip-Masts, Antennas - Smart Gnd	818,723	818,723	8.790%	71,966	818,723	5.310%	43,474	(28,492)
189	39800	Miscellaneous Equipment	2,432,666	2,432,666	6.320%	153,745	2,432,666	5.510%	134,040	(19,705)
190	39900	Other Property - Land	66,129,225	0	0.000%	0	0	0	0	0
191	39910	Oth Property - Land Rights	871,850	0	0.000%	0	0	0	0	0
192	39919	ARO General Plant	1,162,571	1,162,571		37,151	1,162,571		37,151	0
193	39930	Other Tangible Property (B)	22,619,620	5,872,017	1.410%	82,795	5,872,017	2.510%	147,388	64,593
194			323,047,171	217,188,211	3.631%	7,886,020	217,188,211	3.119%	6,774,276	(1,111,744)
195										
196			9,511,040,061	9,365,116,105	2.584%	242,038,157	9,413,268,516	2.850%	268,313,504	27,311,655
197		AFUDC Adjustment								
198		AFUDC Adj - Production			2.398%		(6,458,541)	2.688%	(173,602)	(173,602)
199		AFUDC Adj - Transmission			2.055%		715,341	2.331%	16,675	16,675
200		AFUDC Adj - Distribution			2.329%		-	2.799%	0	0
201		AFUDC Adj. - General			3.631%		(111,941)	3.119%	(3,492)	(3,492)
202		AFUDC Adj - Fuels			0.000%		2,205,306	0.000%	0	0
203							(3,649,834)		(160,419)	(160,419)
204										
205		TOTAL DEPRECIATION & AMORTIZATION	9,511,040,061	9,365,116,105		242,038,157	9,409,618,682		268,153,085	27,151,236
206										
207										
208	Notes:									
209		Affect of Welsh retirement in projected depreciation expense					(174,823,108)		(2,329,219)	(2,329,219)
210										24,822,018
211										
212										
213		(A) Current Test Year depreciation expense reflects test year ending plant in service balances at existing TX depreciation rates								
214										
215		(B) Depreciable property in account 39930 represents the Company's investment in the Alliance Rail Facility.								
216										
217		(C) Requested depreciation expense does not include accretion expense of \$3,484,561								
218										
219										
220										
221										
222		Note: The amounts on the schedule will not be the same as reflected on Schedule A due to differences in schedule requirements. For further explanation of this schedule, see the direct testimony of Mr. Michael Baird.								

SOUTHWESTERN ELECTRIC POWER COMPANY  
Depreciation Expense  
For the Test Year Ended March 31, 2020

Line No.	(1) Description	(2) Schedule A Reference	(3) Workpaper Reference	(4) Acct Reference	(5) Exp Amt As Adjusted	(6) TY Amt Per Books	(7) Total Adjustment
1	Depreciation Expense - Production	Sch A, ln 6	Schedule D-4	4030	\$ 127,726,011	118,198,563	\$ 9,527,448
2	Depreciation Expense - Transmission	Sch A, ln 6	Schedule D-4	4030	47,949,610	49,421,354	(1,471,744)
3	Depreciation Expense - Distribution	Sch A, ln 6	Schedule D-4	4030	64,202,401	61,585,051	2,617,350
4	Depreciation Expense - General	Sch A, ln 6	Schedule D-4	4030	6,770,784	7,111,545	(340,761)
5	Amortization - Intangible Plant	Sch A, ln 6	Schedule D-4	4040	22,714,099	17,421,930	5,292,169
6	Amortization - Texas Impairment	Sch A, ln 6	Schedule D-4	4030	(1,209,820)	0	(1,209,820)
7	Total				<u>\$ 268,153,085</u>	<u>\$ 253,738,443</u>	<u>\$ 14,414,642</u>

8 Note: The TY Amount per Books for Amortization- Texas Impairment is included in the depreciation expense lines at rows 12-14.

9 TX Impairments by Function:

10	Production	53%	(1,172,951)
11	Transmission	20%	(15,763)
12	Distribution	27%	(21,106)
13		<u>100%</u>	<u>(1,209,820)</u>

Justification for requested adjustment:

Adjust depreciation and amortization expense to reflect test year ending plant balances and proposed changes in depreciation rates. The discussion of this adjustment can be found in the testimonies of Mr. Michael Baird and Mr. Jason Cash.

Other Amount

Accretion

only 1/4 of loss on  
disposition should be reflected

3,149,778    86,987.6    2,288,912  
 (72,000)    (288,585)    216,585  
  
 3,484,561    3,484,561    0  
 274,715,534    257,195,245    16,920,129  
 + 1,209,820  
 275,925,244

## STAFF ADJUSTMENT TO AD VALOREM TAXES

Description	Reference	Amount	Effective Rate	Staff Adjusted Ad Valorem	
January 1, 2019 Net Electric Plant Subject to Ad Valorem Tax	G-9.1	6,315,734,214		6,341,576,275	Staff 5-23 Includes Capital Leases at 1/1/2019
Ad Valorem Taxes Paid For 2019 Tax Year	G-9.1	63,325,856		63,325,856	
Ratio of Ad Valorem Tax Expense to Net Utility Plant at January 1, 2019		0.0100266816		0.00998582	
03-31-2020 Net Electric Plant (A)		6,824,528,669		6,447,769,836	6,824,528,669 Co. Req. Plant Subj. to Ad Val. (44,719,222) Operating Leases (224,168,719) Depr. Difference TX rates (55,514,899) AFUDC Interest TX rates (42,039) Capitalized Incentive (39,073,484) Dolet Hills SWEPCO adj bal (13,240,470) Retired Generating Units 6,447,769,836 Plant for Ad Valorem
Ad Valorem Tax on March 31, 2020 Pro Forma Utility Plant Balance	(3) x (4)	68,427,376		64,386,286	
Less Projected Capitalization of Ad Valorem Tax		(962,070)		(962,070)	
Ad Valorem Tax on 03-31-2020 Plant Balance		67,464,506		63,423,416	
Ad Valorem Tax Expense for Test Year (B)		62,415,506		62,415,506	
Ad Valorem Tax Adjustment		5,049,000.40		1,007,910	(4,041,090) Staff Adjustment to SWEPCO Req.

## 03-31-2020 Plant Balance Subject To Ad Valorem Tax (A)

1010001 Plant In Service	9,262,029,380	
1011001 Capital Leases	53,016,644	
1011006 Prov-Leased Assets	(23,188,269)	
1011012 Accrued Capital Leases	229,699	
1011031 Operating Lease	52,090,397	1
1011032 Accrued Operating Leases	506,079	1 Net Operating Leases \$44,719,222
1011036 Prov - Operating Lease Assets	(7,877,254)	1
1060001 Const Not Classified	319,515,794	
1160007 Other Elec Plt Adj- Turk Impairment	(50,411,747)	
1160008 Turk AFUDC Reverse TC Cap - EPIStOther Elec Plt Adj- Turk Impairment	(1,313,077)	
1160009 AmortTurkImpmnt&AFUDCReversal	7,902,825	
1160012 Turk Impmnt-AuxBoiler	(18,500,000)	
1160013 Turk Impmnt-AuxBoiler Amort	2,609,846	
1160016 TX Trans Veg Mgmt Cost Writeoff	(1,965,876)	
1160017 TX Distr Veg Mgmt Cost Writeoff	(4,103,577)	
1160018 TX Dist Veg Mgt WriteOff Amort	494,291	
1160019 TX Tran Veg Mgt WriteOff Amort	110,220	
1160020 Trans Costs - SERP	(185,343)	
1160021 Distr Costs - SERP	(154,769)	
1160022 Gen Costs - SERP	(297,729)	
1160023 CWIP FinBased Incen - Trans	(3,261,424)	
1160024 CWIP FinBased Incen - Distr	(6,097,633)	
1160025 CWIP FinBased Incen - Gen	(3,073,691)	
1160026 RWIP FinBased Incen - Trans	(85,384)	
1160027 RWIP FinBased Incen - Distr	(289,788)	
1160028 RWIP FinBased Incen - Gen	(124,731)	
1070001 CWIP - Project	226,392,894	
1080001 Accum Prov For Depr of Plt	(2,725,023,892)	
1080005 RWIP Project Detail	15,311,493	
1080011 Cost of Removal Reserve	(466,911,900)	
1080013 ARO Removal Depreciation - Accretion	8,405,956	
1080155 Unrecovered Plant	35,224,555	
1080160 AR Plt Retire-Unrecover Plant	14,888,618	
1080161 DH GAAP Depreciation	9,125,930	
1110001 Accum Prov for Amortization of Plant - Intangible	(56,356,973)	
1110007 Cloud Implement - A/P Amort Plt	(8,723)	
Schd B-1 Pro Forma Adjustments to Net Electric Plant In Service	193,905,829	Link to Pro forma plant adjustments - Net
	6,824,528,669	

## Test Year Ad Valorem Tax Expense (B)

408100517 Real & Personal Property Taxes	125,516
408100518 Real & Personal Property Taxes	(102,504)
408100519 Real & Personal Property Taxes	45,977,170
408100520 Real & Personal Property Taxes	16,288,380
408102917 Real-Pers Prop Tax-Cap Leases	(11,474)
408102919 Real-Pers Prop Tax-Cap Leases	101,168
408102920 Real-Pers Prop Tax-Cap Leases	37,250
Total Expense Recorded	62,415,506

SOUTHWESTERN ELECTRIC POWER COMPANY  
Ad Valorem Taxes  
For the Test Year Ended March 31, 2020

Line #	Description	Schedule Reference	Workpaper Reference	Amount	
1	January 1, 2019 Net Electric Plant Subject to Ad Valorem Tax	G-9.1		6,315,734,214	
2	Ad Valorem Taxes Paid For 2019 Tax Year	G-9.1		63,325,856	
3	Ratio of Ad Valorem Tax Expense to Net Utility Plant at January 1, 2019			0.0100266816	
4	03-31-2020 Net Electric Plant (A)			6,824,528,669	
5	Ad Valorem Tax on March 31, 2020 Pro Forma Utility Plant Balance	(3) x (4)		68,427,376	
6	Less Projected Capitalization of Ad Valorem Tax			(62,872)	
7	Ad Valorem Tax on 03-31-2020 Plant Balance			67,464,506	
8	Ad Valorem Tax Expense for Test Year (B)			62,415,506	
9	Ad Valorem Tax Adjustment			5,049,000.40	Texas 1,826,874.22
					Ark 1,278,649.25
					La 2,105,739.49
					OK 37,737.45
10	03-31-2020 Plant Balance Subject To Ad valorem Tax (A)				5,049,000.40
1010001	Plant In Service			9,262,029,380	
1011001	Capital Leases			53,016,644	
1011006	Prov Leased Assets			(23,188,269)	
1011012	Accrued Capital Leases			229,699	
1011031	Operating Lease			52,090,397	
1011032	Accrued Operating Leases			506,079	
1011036	Prov - Operating Lease Assets			(7,877,254)	
1060001	Const Not Classified			319,515,794	
1160007	Other Elec Plt Adj- Turk Impairment			(58,411,747)	
1160008	Turk AFUDC Reverse TC Cap - EPISOther Elec Plt Adj- Turk Impairment			(1,313,077)	
1160009	AmortTurkImpmnt&AFUDCReversal			7,902,825	
1160012	Turk Impmnt-AuxBoiler			(18,500,500)	
1160013	Turk Impmnt-AuxBoiler Amort			2,609,846	
1160016	TX Trans Veg Mgmt Cost Writeoff			(1,965,876)	
1160017	TX Distl Veg Mgmt Cost Writeoff			(4,163,577)	
1160018	TX Dist Veg Mgt WriteOff Amort			494,291	
1160019	TX Tran Veg Mgt WriteOff Amort			110,220	
1160020	Trans Costs - SERP			(185,343)	
1160021	Distr Costs - SERP			(164,765)	
1160022	Gen Costs - SERP			(12,277)	
1160023	CWIP FinBased Incen - Trans			(3,261,424)	
1160024	CWIP FinBased Incen - Distr			(8,987,833)	
1160025	CWIP FinBased Incen - Gen			(3,073,691)	
1160026	RWIP FinBased Incen - Trans			(95,384)	
1160027	RWIP FinBased Incen - Distr			(289,788)	
1160028	RWIP FinBased Incen - Gen			(124,731)	
1070001	CWIP - Project			226,392,894	
1080001	Accum Prov For Depr of Plt			(2,725,023,892)	
1080005	RWIP Project Detail			15,311,493	
1080011	Cost of Removal Reserve			(469,911,900)	
1080013	ARO Removal Depreciation - Accretion			8,405,956	
1080155	Unrecovered Plant			35,224,555	
1080160	AR Plt Relie Unrecover Plant			14,888,618	
1080161	DH GAAP Depreciation			9,125,930	
1110001	Accum Prov for Amortization of Plant - Intangible			(50,356,973)	
1110007	Cloud Implement - A/P Amrt Plt			(8,723)	
Schd B-1	Pro Forma Adjustments to Net Electric Plant in Service			193,905,829	Link to Pro forma plant adjustments - Net
				6,824,528,669	
11	Test Year Ad Valorem Tax Expense (B)				
408100517	Real & Personal Property Taxes			125,516	
408100518	Real & Personal Property Taxes			(102,504)	
408100519	Real & Personal Property Taxes			45,977,170	
408100520	Real & Personal Property Taxes			16,288,380	
408102917	Real-Pers Prop Tax-Cap Leases			(11,474)	
408102919	Real-Pers Prop Tax-Cap Leases			101,168	
408102920	Real-Pers Prop Tax-Cap Leases			37,250	
	Total Expense Recorded			62,415,506	

SOUTHWESTERN ELECTRIC POWER COMPANY  
 Ad Valorem Taxes  
 For the Test Year Ended March 31, 2020

**2019 Tax Year**

Account 4081005 &amp; 4081029

	(2) + (3) (1)	(2)	(3)
	2019 Tax Year Taxes Paid	2019 Property Taxes Expensed	2019 Property Taxes Capitalized to CWIP
Arkansas	15,942,102	15,793,302	148,800
Louisiana	26,447,159	26,009,149	438,010
Texas	20,469,480	20,094,420	375,060
Oklahoma	467,116	466,116	1,000
	<u>63,325,856</u>	<u>62,362,986</u>	<u>962,870</u>

408100517	Real Personal Property Taxes	125,516.40
408100518	Real Personal Property Taxes	(102,504.18)
408100519	Real Personal Property Taxes	45,977,169.74
408100520	Real Personal Property Taxes	16,288,380.00
408102917	Real-Pers Prop Tax-Cap Leases	(11,473.67)
408102919	Real-Pers Prop Tax-Cap Leases	101,167.57
408102920	Real-Pers Prop Tax-Cap Leases	37,250.00

62,415,506

Source: sub A-4  
Trial Balance 3/31/2020



SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION  
STAFF'S FIFTH REQUEST FOR INFORMATION**

**Question No. Staff 5-23:**

Refer to the electronic workbook for WP A-3.13.1 (ad valorem). For each amount included in cells E29 through E65, provide the January 1, 2019 balance of each.

**Response No. Staff 5-23:**

Please see Staff 5-23 Attachment I Book Balances.

Prepared By: James D. Spring

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

## SOUTHWESTERN ELECTRIC POWER COMPANY

Line

#	Account / Description	01/01/2019 Book Balance
1	1010001 Plant In Service	8,822,227,315
2	1011001 Capital Leases	46,439,145
3	1011006 Prov-Leased Assets	(20,762,078)
4	1011012 Accrued Capital Leases	164,893
5	1011031 Operating Lease	-
6	1011032 Accrued Operating Leases	-
7	1011036 Prov - Operating Lease Assets	-
8	1060001 Const Not Classified	364,639,272
9	1160007 Other Elec Plt Adj- Turk Impairment	(58,411,747)
10	1160008 Turk AFUDC Reverse TC Cap - EPISOther Elec Plt Adj- Turk Impairment	(1,313,077)
11	1160009 AmortTurkImprmnt&AFUDCReversal	6,546,228
12	1160012 Turk Imprmnt-AuxBoiler	(18,500,000)
13	1160013 Turk Imprmnt-AuxBoiler Amort	2,138,096
14	1160016 TX Trans Veg Mgmt Cost Wrtcoeff	(1,543,539)
15	1160017 TX Distr Veg Mgmt Cost Wrtcoeff	(4,103,577)
16	1160018 TX Dist Veg Mgt WriteOff Amort	356,359
17	1160019 TX Tran Veg Mgt WriteOff Amort	71,836
18	1160020 Trans Costs - SERP	(159,866)
19	1160021 Distr Costs - SERP	(48,245)
20	1160022 Gen Costs - SERP	(299,406)
21	1160023 CWIP FinBased Incen - Trans	(1,892,898)
22	1160024 CWIP FinBased Incen - Distr	(2,264,369)
23	1160025 CWIP FinBased Incen - Gen	(2,574,754)
24	1160026 RWIP FinBased Incen - Trans	(65,228)
25	1160027 RWIP FinBased Incen - Distr	(96,563)
26	1160028 RWIP FinBased Incen - Gen	(96,013)
27	1070001 CWIP - Project	194,666,171
28	1080001 Accum Prov For Depr of Plt	(2,557,733,343)
29	1080005 RWIP Project Detail	12,724,514
30	1080011 Cost of Removal Reserve	(444,907,525)
31	1080013 ARO Removal Depreciation - Accretion	7,075,415
32	1080155 Unrecovered Plant	50,276,784
33	1080160 AR Plt Retire-Unrecover Plant	-
34	1080161 DH GAAP Depreciation	-
35	1110001 Accum Prov for Amortization of Plant - Intangible	(50,977,524)
36	1110007 Cloud Implement - A/P Amrt Plt	-
37	Schd B-1 Pro Forma Adjustments to Net Electric Plant in Service	N/A
38		<u>6,341,576,275</u>

Cap Leases  
25,841,960

01/01/2019

Book Balance

8,822,227,315

46,439,145

(20,762,078)

164,893

-

-

-

364,639,272

(58,411,747)

(1,313,077)

6,546,228

(18,500,000)

2,138,096

(1,543,539)

(4,103,577)

356,359

71,836

(159,866)

(48,245)

(299,406)

(1,892,898)

(2,264,369)

(2,574,754)

(65,228)

(96,563)

(96,013)

194,666,171

(2,557,733,343)

12,724,514

(444,907,525)

7,075,415

50,276,784

-

-

(50,977,524)

-

N/A

6,341,576,275

-25,841,960

6,315,734,315

Ties to Amt

Line 1 of w/ Sch A-3.13.1

This is amt SWPCC claims is  
subject to ad valorem tax & 1/1/19  
It excludes capital leases which  
clearly exist & 1/1/19 per the  
response

**SOAH DOCKET NO. 473-21-0538**  
**PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION**  
**STAFF'S FIFTH REQUEST FOR INFORMATION**

**Question No. Staff 5-22:**

Refer to the electronic workbook for WP A-3.13.1 (ad valorem) at cell E10. Please provide a detailed explanation and reference to other rate filing package schedules for each value included in the formula in this cell. Please also reconcile the value in this cell to Schedule G-9 as referenced.

**Response No. Staff 5-22:**

Please see Staff 5-22 Attachment 1 Ad Valorem.

Prepared By: Randall W. Hamlett

Title: Dir Regulatory Acctg Svcs

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

		January 1, 2019 Net Electric Plant Subject to Ad Valorem	
		Tax	NEPIS
WP A-3.13.1 Ad Valorem		Cell E10	Schedule G-9
1010001 Plant in Service		8,822,227,314.60	8,822,227,314.60 Cell G13
1060001 Const Not Classifd		364,639,271.70	364,639,271.70 Cell G13
1070001 CWIP - Project		194,666,171.15	194,666,171.15 Cell H13
1080001 A/P for Deprec of Plt		(2,557,733,343.18)	(2,557,733,343.18) Cell I 13
1080005 RWIP - Project Detail		12,724,513.56	12,724,513.56 Cell I 13
1080011 Cost of Removal Reserve		(444,907,524.86)	(444,907,524.86) Cell I 13
1080013 ARO Removal Deprec - Accretion		7,075,414.73	7,075,414.73 Cell I 13
1080155 Unrecovered Plant		50,276,783.68	50,276,783.68 Cell I 13
1110001 A/P for Amort of Plt		(50,977,524.16)	(50,977,524.16) Cell I 13
1160007 OthElecPltAdjTurkImprmnt-EPIS		(58,411,747.11)	
1160008 TurkAFUDCReverseTXCap-EPIS		(1,313,076.50)	
1160009 AmortTurkImprmnt&AFUDCReversal		6,546,227.84	
1160012 Turk Imprmnt-AuxBoiler		(18,500,000.00)	
1160013 Turk Imprmnt-AuxBoiler Amort		2,138,096.00	
1160016 TX Trans Veg Mgmt Cost Wrttoff		(1,543,538.61)	
1160017 TX Distr Veg Mgmt Cost Wrttoff		(4,103,577.10)	
1160018 TX Dist Veg Mgt WriteOff Amort		356,359.27	
1160019 TX Tran Veg Mgt WriteOff Amort		71,835.85	
1160020 TX Trans Costs - SERP		(159,865.70)	
1160021 TX Distr Costs - SERP		(48,245.39)	
1160022 TX Gen Costs - SERP		(299,406.09)	
1160023 TX CWIP FinBased Incen - Trans		(1,892,898.49)	
1160024 TX CWIP FinBased Incen - Distr		(2,264,368.51)	
1160025 TX CWIP FinBased Incen - Gen		(2,574,754.32)	
1160026 TX RWIP FinBased Incen - Trans		(65,227.75)	
1160027 TX RWIP FinBased Incen - Distr		(96,563.07)	
1160028 TX RWIP FinBased Incen - Gen		(96,013.34)	
CWIP not Included			(194,666,171.15)
	Cell E10	<u>6,315,734,314.19</u>	<u>6,203,324,906.07</u> Cell J13

These account balances are as of 01/01/2019 (the assesment date for the 2019 Ad Valrem tax assessment)  
and as such are not referenced in the filing as of that date.

**SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO EAST TEXAS  
ELECTRIC COOPERATIVE, INC. AND NORTHEAST TEXAS ELECTRIC  
COOPERATIVE, INC.'S FIRST REQUEST FOR INFORMATION**

**Question No. ETEC-NTEC 1-8:**

Please discuss SWEPCO's accounting for all lease expenses in the FERC Form No. 1. The discussion should explain SWEPCO's accounting for lease payments and all other expenses related to any type of lease.

**Response No. ETEC-NTEC 1-8:**

SWEPCO lease property, plant and equipment including, but not limited to, fleet, information technology and real estate leases. These leases require payments of non-lease components, including related property taxes, operating and maintenance costs. As of the adoption date of ASU 2016-02, management elected not to separate non-lease components from associated lease components in accordance with the accounting guidance for "Leases." Many of these leases have purchase or renewal options. Leases not renewed are often replaced by other leases. Options to renew or purchase a lease are included in the measurement of lease assets and liabilities if it is reasonably certain SWEPCO will exercise the option. Lease obligations are measured using the discount rate implicit in the lease when that rate is readily determinable. AEP has visibility into the rate implicit in the lease when assets are leased from selected financial institutions under master leasing agreements. When the implicit rate is not readily determinable, SWEPCO measures their lease obligation using their estimated secured incremental borrowing rate. Incremental borrowing rates are comprised of an underlying risk free rate and a secured credit spread relative to the lessee on a matched maturity basis. Operating and Finance lease rental costs are generally charged to Operation Expenses and Maintenance Expenses in accordance with rate-making treatment for regulated operations. Therefore, SWEPCO classifies interest expense on regulated finance leases as operating expenses instead of other income (expense). Lease costs associated with capital projects are included in Utility Plant on the balance sheets. For regulated operations with finance leases, a finance lease asset and offsetting liability are recorded at the present value of the remaining lease payments for each reporting period.

SWEPCO leases certain equipment under master lease agreements. Under the lease agreements, the lessor is guaranteed a residual value up to a stated percentage of the equipment cost at the end of the lease term. If the actual fair value of the leased equipment is below the guaranteed residual value at the end of the lease term, SWEPCO is committed to pay the difference between the actual fair value and the residual value guarantee. Historically, at the end of the lease term the fair value has been in excess of the amount guaranteed.

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

SOUTHWESTERN ELECTRIC POWER COMPANY  
 AFUDC Adjustments to Plant in Service and Accumulated Depreciation  
 For the Test Year Ended March 31, 2020

Line No.	(1) Description	(2) Schedule B Reference	(3) Workpaper Reference	(4) Acct Reference	(5) Asset Amt As Adjusted	(6) TY Amt Per Books	(7) Total Adjustment
1	Plant in Service - Production	B-1, ln 1	WP/B-1.5.10	1010	\$ 61,939,779	\$ -	\$ 61,939,779
2	Plant in Service - Transmission	B-1, ln 1	WP/B-1.5.10	1010	(672,358)	-	(672,358)
3	Plant in Service - Distribution	B-1, ln 1	WP/B-1.5.10	1010	976,298	-	976,297.51
4	Plant in Service - General	B-1, ln 1	WP/B-1.5.10	1010	86,939	-	86,939
5	Plant in Service - Fuels	B-1, ln 1	WP/B-1.5.10	1010	(2,369,670)	-	(2,369,670)
6	Total Plant in Service Adjustment				<u>\$ 59,960,988</u>	<u>\$ -</u>	<u>\$ 59,960,988</u>
7	Accumulated Depreciation - Production	B-1, ln 2	WP/B-1.5.10	1080	(\$6,458,541)	\$ -	\$ (6,458,541)
8	Accumulated Depreciation - Transmission	B-1, ln 2	WP/B-1.5.10	1080	715,341	-	715,341
9	Accumulated Depreciation - Distribution	B-1, ln 2	WP/B-1.5.10	1080	(796,254)	-	(796,254)
10	Accumulated Depreciation - General	B-1, ln 2	WP/B-1.5.10	1080	(111,941)	-	(111,941)
11	Accumulated Depreciation - Fuels	B-1, ln 2	WP/B-1.5.10	1080	2,205,306	-	2,205,306
12	Total Accumulated Depreciation Adjustment				<u>\$ (4,446,089)</u>	<u>\$ -</u>	<u>\$ (4,446,089)</u>

Justification for requested adjustment.

Adjust Plant in Service and Accumulated Depreciation for AFUDC due to jurisdictional differences in the debt rate as discussed in the testimony of Mr. Michael Baird.

SOUTHWESTERN ELECTRIC POWER COMPANY  
 Jurisdictional Accumulated Depreciation Adjustment  
 For the Test Year Ended March 31, 2020

Line No.	(1) Description	(2) Schedule B Reference	(3) Workpaper Reference	(4) Acct Reference	(5) Asset Amt As Adjusted	(6) TY Amt Per Books	(7) Total Adjustment
1	Accumulated Depreciation - Production	B-1, In 2	WP/B-1.5.4	1080	\$1,928,856,006	\$1,683,843,439	\$245,012,567
2	Accumulated Depreciation - Transmission	B-1, In 2	WP/B-1.5.4	1080	\$543,327,681	561,167,996	(\$17,840,315)
3	Accumulated Depreciation - Distribution	B-1, In 2	WP/B-1.5.4	1080	\$756,054,158	778,312,584	(\$22,258,426)
4	Accumulated Depreciation - General	B-1, In 2	WP/B-1.5.4	1080	\$187,866,666	168,611,773	\$19,254,893
5	Total				<u>\$ 3,416,104,511</u>	<u>\$ 3,191,935,792</u>	<u>\$ 224,168,719</u>

Justification for requested adjustment:

Adjust Accumulated Depreciation to reflect PUCT approved depreciation rates, as discussed in the testimony of Mr. Michael Baird.

SOUTHWESTERN ELECTRIC POWER COMPANY  
Adjustments to Rate Base and Return  
For the Test Year Ended March 31, 2020

Line No.	(1) Description	(2) Account No	(3) Total Company March 31, 2020	(4) B-1.5.1 Property Under Lease	(5) B-1.5.2 Construction Work In Progress	(6) B-1.5.3 Materials and supplies	(7) B-1.5.4 Accumulated Depreciation	(8) B-1.5.5 Plant Held for Future Use	(9) B-1.5.6 Plant Acquisition Adjustment	(10) B-1.5.7 Fuel Inventory	(11) B-1.5.8 Prepaid Pension & Medicare D
1	Original cost of plant in service	1010	\$ 9,262,354,949								
2	Less: Accum provision for depreciation	1080, 1110, 2300	(3,329,123,077)				224,168,719				
3	Net Electric plant in service		\$ 5,933,231,872	\$ -	\$ -	\$ -	\$ 224,168,719	\$ -	\$ -	\$ -	\$ -
4	Electric plant held for future use	1050	1,044,101					(823,186)			
5	Dolet Hills Mine FAS 143 ARO Asset	101.6	61,976,617								
6	Leases	1011	105,842,819	(105,842,819)							
7	Provision-Leased Assets	1011	(31,065,524)	31,065,524							
8	Electric Plant Purchased or Sold	1020	64,005								
9	Completed construction not classified	1060	319,647,154								
10	Construction work in progress	1070	226,392,894		(226,392,894)						
11	Plant Acquisition	1140	18,043,976						(18,043,976)		
12	Amortization of Plant Acquisition Adjustment	1150	(18,043,976)						18,043,976		
13	Other Electric Plant Adjustments	1160									
14	Turk Impairments	1160	(51,821,999)								
15	TX Trans Veg Mgmt Cost Writeoff	1160	(1,471,585)								
16	TX Dist Veg Mgmt Cost Writeoff	1160	(3,993,357)								
17	SERP	1160	(637,842)								
18	CWIP FinBased Incen	1160	(12,432,748)								
19	RWIP FinBased Incen	1160	(499,903)								
20	Working capital										
21	Materials and supplies	154	70,436,747			(913,340)					
22	Fuel inventories	151/152	105,918,091							(19,211,748)	
23	Prepayments	165	17,148,952								
24	Working cash allowance		(145,220,159)								
25	Customer deposits	2350001	(65,072,259)								
26	Deferred investment credits (pre-1971)		0								
27	Accumulated deferred taxes on income	190/281/283/283	(1,270,549,476)								
28	Accum DFIT - Reg assets & liabilities		412,675,897								
29	SFAS #109 Regulatory Assets & Liabilities	1823/254	(412,675,887)								
30	SFAS 106 Medicare Subsidy	1823299	2,533,221								
31	Other Rate Base Adjustments										
32	IPP Credit	2530067	(7,532,556)								
	Trading Deposits	1340018, 1340048,	2,092,064								
33		2350003									
34	Excess Earnings Deferral	2540052	(2,453,476)								
35	Advances for Construction	2520000	0								
36	Investment In Oxbow	1231101	0								
37	T V. Pole Attachments	2530050	(831,313)								
38	Sabine Mine Reclamation	2420059	(0)								
39	Total original cost rate base		\$ 5,252,746,362	\$ (74,777,296)	\$ (226,392,894)	\$ (913,340)	\$ 224,168,719	\$ (823,186)	\$ -	\$ (19,211,748)	\$ 83,452,444



SOUTHWESTERN ELECTRIC POWER COMPANY  
Adjustments to Rate Base and Return  
For the Test Year Ended March 31, 2020

Line No.	(1) Description	(2) Account No	(12) B-1.5.9 ADIT	(13) B-1.5.10 AFUDC	(14) B-1.5.11 SFAS 143 Accum Depr	(15) B-1.5.12 Not Used	(16) B-1.5.13 Sabine Mine Reclamation	(17) B-1.5.14 Investment In Oxbow	(18) B-1.5.15 Dolet ARO	(18) B-1.5.16 Plant Purchased or Sold	(19) B-1.5.17 Dolet ADIT Off-Set
1	Original cost of plant in service	1010		\$ 59,960,988							
2	Less: Accum provision for depreciation	1080, 1110, 2300		(4,446,089)	(13,389,353)				9,922,976	0	(82,311,412)
3	Net Electric plant in service		\$ -	\$ 55,514,899	\$ (13,389,353)	\$ -	\$ -	\$ -	\$ 9,922,976	\$ -	\$ (82,311,412)
4	Electric plant held for future use	1050									
5	Dolet Hills Mine FAS 143 ARO Asset	101.6							(61,976,617)		
6	Leases	1011									
7	Provision-Leased Assets	1011									
8	Electric Plant Purchased or Sold	1020								(64,005)	
9	Completed construction not classified	1060									
10	Construction work in progress	1070									
11	Plant Acquisition	1140									
12	Amortization of Plant Acquisition Adjustment	1150									
13	Other Electric Plant Adjustments	1160									
14	Turk Impairments	1160									
15	TX Trans Veg Mgmt Cost Writeoff	1160									
16	TX Dist Veg Mgmt Cost Writeoff	1160									
17	SERP	1160									
18	CWIP FinBased Incen	1160									
19	RWIP FinBased Incen	1160									
20	Working capital										
21	Materials and supplies	154									
22	Fuel inventories	151/152									
23	Prepayments	165									
24	Working cash allowance										
25	Customer deposits	2350001									
26	Deferred investment credits (pre-1971)										
27	Accumulated deferred taxes on income	190/281/283/283	291,719,543								
28	Accum. DFIT - Reg assets & liabilities		(35,506,191)								
29	SFAS #109 Regulatory Assets & Liabilities	1823/254	35,506,191								
30	SFAS 108 Medicare Subsidy	1823/299									
31	Other Rate Base Adjustments										
32	IPP Credit	2530067									
33	Trading Deposits	1340018, 1340048,									
34	Excess Earnings Deferral	2350033									
35	Advances for Construction	2540052									
36	Investment in Oxbow	2520000									
37	T.V. Pole Attachments	1231101									
38	Sabine Mine Reclamation	2530050									
39	Total original cost rate base	2420059									
			\$ 291,719,533	\$ 55,514,899	\$ (13,389,353)		\$ (64,960,236)	\$ 16,576,181	\$ (52,053,641)	\$ (64,005)	\$ (82,311,412)

**SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION  
STAFF'S THIRTEENTH REQUEST FOR INFORMATION**

**Question No. STAFF 13-1:**

Refer to the response to Staff 5-16, Attachment 1, page 3 of 4. Please provide a reconciliation of the NBV amount of \$6,459,133,100 shown in the "Total" column for the calendar year 2019 balances as of 1/1/2019 to the \$6,315,734,314 amount provided in the column titled "January 1, 2019 Net Electric Plant Subject to Ad Valorem Tax" at Attachment 1 of SWEPCO's response to Staff 5-22.

**Response No. STAFF 13-1:**

Please see Staff 13-1 Attachment 1 Plant Reconciliation for the reconciliation of the amounts reported in responses Staff 5-16 c) and Staff 5-22.

Prepared By: James D. Spring

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

1010001 Plant in Service	8,822,227,315
1010006 Dolet Hills FAS 143 ARO Asset	41,520,825
1011001 Capital Leases	46,439,145
1011006 Prov-Leased Assets	(20,762,078)
1011012 Accrued Capital Leases	164,893
1020001 Plant Purchd or Sold	64,005
1050001 Held For Fut Use	1,291,835
1060001 Const Not Classifd	364,639,272
1140001 Plant Acquisition Adj	18,043,976
1070001 CWIP - Project	194,666,171
1080001 A/P for Deprec of Plt	(2,557,733,343)
1080005 RWIP - Project Detail	12,724,514
1080011 Cost of Removal Reserve	(444,907,525)
1080012 Dolet Hills FAS 143 ARO Deprec	(7,576,601)
1080013 ARO Removal Deprec - Accretion	7,075,415
1080155 Unrecovered Plant	50,276,784
1110001 A/P for Amort of Plt	(50,977,524)
1150001 Amrtz of Plt Acqt Adj	(18,043,976)

Response to Staff 5-16 c)

6,459,133,102

1160007 OthElecPltAdjTurkImprmnt-EPIS	(58,411,747)
1160008 TurkAFUDCReverseTXCap-EPIS	(1,313,077)
1160009 AmortTurkImprmnt&AFUDCReversal	6,546,228
1160012 Turk Imprmnt-AuxBoiler	(18,500,000)
1160013 Turk Imprmnt-AuxBoiler Amort	2,138,096
1160016 TX Trans Veg Mgmt Cost Wrtteoff	(1,543,539)
1160017 TX Distr Veg Mgmt Cost Wrtteoff	(4,103,577)
1160018 TX Dist Veg Mgt WriteOff Amort	356,359
1160019 TX Tran Veg Mgt WriteOff Amort	71,836
1160020 TX Trans Costs - SERP	(159,866)
1160021 TX Distr Costs - SERP	(48,245)
1160022 TX Gen Costs - SERP	(299,406)
1160023 TX CWIP FinBased Incen - Trans	(1,892,898)
1160024 TX CWIP FinBased Incen - Distr	(2,264,369)
1160025 TX CWIP FinBased Incen - Gen	(2,574,754)
1160026 TX RWIP FinBased Incen - Trans	(65,228)
1160027 TX RWIP FinBased Incen - Distr	(96,563)
1160028 TX RWIP FinBased Incen - Gen	(96,013)

Less Texas Net Plant Disallowances

(82,256,763)

1010006 Dolet Hills FAS 143 ARO Asset	(41,520,825)
1011001 Capital Leases	(46,439,145)
1011006 Prov-Leased Assets	20,762,078
1011012 Accrued Capital Leases	(164,893)
1020001 Plant Purchd or Sold	(64,005)
1050001 Held For Fut Use	(1,291,835)
1080012 Dolet Hills FAS 143 ARO Deprec	7,576,601

Less Other Accounts not Utilized in Staff Response 5-22

(61,142,024)

Total Amount from W/P 3.13-1

6,315,734,314

SOUTHWESTERN ELECTRIC POWER COMPANY  
 Ad Valorem Taxes  
 For the Test Year Ended March 31, 2020

2019 Tax Year

Account 4081005 & 4081029

*rent prop*

*property taxes*  
*capitalized costs*  
 (2) + (3)  
 (1)

(2)

(3)

	2019 Tax Year Taxes Paid	2019 Property Taxes Expensed	2019 Property Taxes Capitalized to CWIP
Arkansas	15,942,102	15,793,302	148,800
Louisiana	26,447,159	26,009,149	438,010
Texas	20,469,480	20,094,420	375,060
Oklahoma	467,116	466,116	1,000
	<u>63,325,856</u>	<u>62,362,986</u>	<u>962,870</u>

*non-lease 99.8% = 63,199,204*  
*lease .2% 126,652*  
*63,325,856*

SOUTHWESTERN ELECTRIC POWER COMPANY  
 Ad Valorem Taxes & Plant Balances  
 For the Test Year Ended March 31, 2020

Line No.	(1) Year	(2) Ad Valorem Taxes Assessed	(3) Penalties Paid	(4) Discounts Taken	(5) Plant Balances @ Beg of Period	Acct 1010001 & 106 EPIS	Beginning CWIP	Beginning Accum Depr	NEPIS
1	2017	62,047,001	\$0	\$104,427	8,708,952,570	8,595,249,233.59	113,703,336.58	(2,707,168,068.53)	5,888,081,165.06
2	2018	60,680,555	6	84,172	9,045,922,995	8,825,159,249.26	220,763,745.30	(2,857,783,275.88)	5,967,375,973.38
3	2019	66,511,726	0	86,263	9,381,532,757	9,186,866,586.30	194,666,171.15	(2,983,541,680.23)	6,203,324,906.07

(excludes  
 CURP  
 per response  
 to 3/15/20)

**SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION  
STAFF'S THIRTEENTH REQUEST FOR INFORMATION**

**Question No. STAFF 13-2:**

Refer to the response to Staff 5-16, Attachment 1, page 3 of 4 Please provide a detailed explanation and justification for why M&S and fuel are included in the response to this question (that asked for the net book values upon which ad valorem taxes are assessed) but are not included in the calculation of ad valorem taxes at WP A-3.13.1 (Ad Valorem).

**Response No. STAFF 13-2:**

The response to Staff 5-16, Attachment 1, page 3 of 4 was a direct response to a tax question asking specifically about the net book values upon which ad valorem taxes are assessed, which is not the same for all of SWEPCO's jurisdictions. The Company's methodology in WP A-3.13.1 is limited to determining an effective ad valorem tax rate based on historical data to be applied to the same type of test year end data. This methodology results in a reasonable synchronized adjusted test year ad valorem tax expense for determining prospective base rates. This is confirmed by Staff 13-2 Attachment 1 that provides ad valorem tax expense recorded over the last three years which show a steady increase in ad valorem taxes year over year.

The 2020 tax year ad valorem tax expense of \$65,519,865 was an increase over the 2019 tax year ad valorem expense of \$3,043,231. The requested ad valorem expense of \$67,464,506 (WP A-3.13.1) is an increase of \$1,944,641 over the 2020 tax year ad valorem expense. The test year ad valorem expense in Docket No. 46449 was \$52,942,887, the test year ad valorem expense in this test year was \$62,415,506 an increase of \$9,472,619, when that increase is averaged over 4 years it would be an annual increase in ad valorem expense of more than \$2.3m. The requested increase in ad valorem tax expense on WP A-3.13.1 is reasonable. See Staff 13-2 Attachment 1 for the ad valorem tax expense recorded by year.

Prepared By: James D. Spring

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sum of Debit / (Credit)		Year			
Account	Jurisdiction	2017	2018	2019	2020
408100516		64,608			
	AR	199,572			
	LA	(157,503)			
	TX	22,539			
408100517		60,912,657	(289,899)	125,516	125,516
	AR	14,951,750	180,378		
	LA	22,864,704	125,521	125,516	125,516
	OK	416,673	(183)		
	TX	22,679,530	(595,616)		
408100518			61,415,151	(77,735)	
	AR		14,741,710	(102,520)	
	LA		25,299,390		
	OK		446,464	(198)	
	TX		20,927,588	24,983	
408100519				62,428,853	(167,126)
	AR			15,748,850	44,360
	LA			26,009,149	
	OK			465,914	-
	TX			20,204,940	(211,486)
408100520					65,561,475
	AR				16,175,980
	LA				28,053,469
	OK				449,538
	TX				20,882,488
Grand Total		60,977,264	61,125,252	62,476,634	65,519,865

**SOAH DOCKET NO. 473-21-0538**  
**PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION**  
**STAFF'S FIFTH REQUEST FOR INFORMATION**

**Question No. Staff 5-20:**

Refer to electronic workbook WP A-3.13.1 (ad valorem) and confirm that the amounts in cells E42 through E54 represent amounts that were disallowed in Docket No. 46449. If not, explain what these items are.

**Response No. Staff 5-20:**

Yes, the amounts in cells E42 through E54 of WP A-3.13.1 represent amounts that were disallowed in Docket No. 46449.

Prepared By: James D. Spring

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch



**SOAH DOCKET NO. 473-21-0538**  
**PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION**  
**STAFF'S FIFTH REQUEST FOR INFORMATION**

**Question No. Staff 5-16:**

Provide the following regarding the Company's ad valorem taxes:

- a) Total taxes paid for the prior three calendar years in Texas and all other jurisdictions.
- b) Accounting distribution of taxes paid in each state for the prior three calendar years (expense, capital, and other by FERC account).
- c) Total gross and net book values upon which such taxes were assessed and paid in each jurisdiction for the prior three calendar years. Distinguish by component as applicable (plant in service, materials and supplies, CWIP, etc.)
- d) Property taxes charged to electric expenses for each month of the test year by FERC account.

**Response No. Staff 5-16:**

See attached Staff 5-16 Attachment 1.

Prepared By: Thomas F. Johnson

Title: Property Taxes Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

## Staff's 5th Assignments

**SOUTHWESTERN ELECTRIC POWER COMPANY****Ad Valorem Taxes****For the Test Year Ended March 31, 2020**

## Staff 5-16, Item a

State	Tax Year Liability Account	2017 Taxes Paid	2018 Taxes Paid	2019 Taxes Paid	Total Paid in Tax Year
Arkansas <sup>1</sup>	236000816	14,205,386			14,205,386
	236000817		15,295,608		15,295,608
	236000818			15,101,580	15,101,580
Louisiana <sup>2</sup>	236000816	8,682			8,682
	236000817	23,349,248	289,620		23,638,868
	236000818		25,641,944		25,641,944
	236000819			26,460,026	26,460,026
Oklahoma <sup>3</sup>	236000816	119,139			119,139
	236000817	150,832	265,659		416,490
	236000818		165,484	285,783	451,266
	236000819			173,672	173,672
	236003317	183			183
	236003318		198		198
	236003319			202	202
Texas <sup>4</sup>	236000816	15,662,690	-		15,662,690
	236000817	7,805,777	14,427,337		22,233,114
	236000818		4,354,765	17,014,006	21,368,771
	236000819			6,771,620	6,771,620
	236003316	98,899			98,899
	236003317	47,163	146,055	(41,452)	151,766
	236003318		42,966	104,556	147,522
	236003319			36,587	36,587
Colorado	2360008xx	2,593	-	3,221	5,814
Indiana	2360008xx	-	-	3	3
Montana	2360008xx	29,703	39,886	37,061	106,650
West Virginia	2360008xx	5,429	1,561	4,904	11,894
Wyoming	2360008xx	8,723	9,473	9,109	27,304
<b>Totals</b>		<b>61,494,445</b>	<b>60,680,555</b>	<b>65,960,877</b>	<b>188,135,877</b>

<sup>1</sup> Arkansas taxes paid in year following the Tax Year (year liability incurred)<sup>2</sup> Louisiana taxes paid primarily paid by 12/31 of the Tax Year (year liability incurred)<sup>3</sup> Oklahoma taxes paid 1/2 in Tax Year (year liability incurred) and 1/2 in following year<sup>4</sup> Texas taxes paid partially in October of the Tax Year (year liability incurred) and balance due 1/31 of the following year

## Staff's 5th Assignments

**SOUTHWESTERN ELECTRIC POWER COMPANY****Ad Valorem Taxes****For the Test Year Ended March 31, 2020****Staff 5-16, Item c :****Calendar Year 2017, Balances as of 1/1/2017**

	<b>Total</b>	<b>AR</b>	<b>LA</b>	<b>NE</b>	<b>OK</b>	<b>TX</b>
Utility Plant	8,654,541,288	3,076,076,220	2,294,571,594	9,992,283	45,631,251	3,228,269,940
CWIP	113,703,337	17,400,536	51,999,611	6,530	45,010	44,251,650
Less: Depreciation	(2,731,204,485)	(511,344,803)	(836,606,154)	(8,121,669)	(17,345,051)	(1,357,786,809)
NBV	6,037,040,139	2,582,131,953	1,509,965,051	1,877,144	28,331,210	1,914,734,781
M&S	68,402,199	18,955,816	15,717,845	1,366,808	-	32,361,731
Fuel	70,585,486	23,002,291	10,636,063	-	-	36,947,132

**Calendar Year 2018, Balances as of 1/1/2018**

	<b>Total</b>	<b>AR</b>	<b>LA</b>	<b>NE</b>	<b>OK</b>	<b>TX</b>
Utility Plant	8,887,519,332	3,104,405,043	2,417,140,404	9,979,818	45,656,791	3,310,337,276
CWIP	220,763,745	49,938,311	46,059,158	11,717	284,101	124,470,458
Less: Depreciation	(2,882,207,801)	(568,994,030)	(864,298,724)	(8,230,129)	(18,479,545)	(1,422,205,373)
NBV	6,226,075,276	2,585,349,324	1,598,900,838	1,761,406	27,461,347	2,012,602,361
M&S	67,822,933	18,292,337	16,009,478	1,645,226	-	31,875,893
Fuel	80,574,650	18,704,252	29,930,220	-	-	31,940,178

**Calendar Year 2019, Balances as of 1/1/2019**

	<b>Total</b>	<b>AR</b>	<b>LA</b>	<b>NE</b>	<b>OK</b>	<b>TX</b>
Utility Plant	9,273,629,188	3,220,092,376	2,517,684,451	9,985,058	46,164,781	3,479,702,522
CWIP	194,666,171	15,756,194	60,988,847	17,938	36,799	117,866,393
Less: Depreciation	(3,009,162,259)	(620,957,219)	(885,025,507)	(8,328,504)	(19,627,508)	(1,475,223,521)
NBV	6,459,133,100	2,614,891,351	1,693,647,792	1,674,492	26,574,072	2,122,345,394
M&S	67,519,057	18,368,135	16,258,179	1,654,851	-	31,237,891
Fuel	83,159,278	21,741,461	31,063,948	-	-	30,353,870

Staff's 5th Assignments  
**SOUTHWESTERN ELECTRIC POWER COMPANY**  
 Ad Valorem Taxes  
 For the Test Year Ended March 31, 2020

	Staff 5-16, Item b												
	Tax Year Expense Account	2017 Expensed to 408.1	2017 Capitalize d to GL 1070001	2017 Railcar or Non-Utility Expense 408.2	2018 Expensed to 408.1	2018 Capitalized to GL 1070001	2018 Railcar or Non-Utility Expense 408.2	2019 Expensed to 408.1	2019 Capitalize d to GL 1070001	2019 Railcar or Non- Utility Expense 408.2	Amount Recorded Outside of 2016 2019 Calendar Period	Total Check to Paid	Comment
Arkansas <sup>1</sup>	408100516	199,572		5,814							14,000,000	14,205,386	Expensed or capitalized in 2016
	408100517	14,951,750	159,250		180,378		4,230					15,295,608	
	408100518				14,741,710	458,290		-102,520		4,100		15,101,580	
Louisiana <sup>2</sup>	408100516	(34)									8,716	8,682	Expensed in 2016
	408100517	23,253,433	371,800	13,630	5							23,638,868	
	408100518				25,299,390	329,320	13,234					25,641,944	
	408100519							26,009,149	438,010	12,868		26,460,026	
Oklahoma <sup>3</sup>	408100516										119,139	119,139	Expensed in 2016
	408100517	416,673			-183							416,490	
	408100518				446,464		5,000	-198				451,266	2019 taxes paid in 2020
	408100519							465,914	1,000		-293,243	173,672	
	408102917	183										183	
	408102918							198				198	
	408102919							202				202	
Texas <sup>4</sup>	408100516	22,539									15,640,151	15,662,690	Expensed or capitalized in 2016
	408100517	22,679,530	149,200		-595,616							22,233,114	
	408100518				20,927,588	416,200		24,983				21,368,771	2019 tax paid/True-up of expense in 2020
	408100519							20,204,940	375,060		-13,808,380	6,771,620	
	408102916	(8,547)									107,446	98,899	
	408102917	145,000			50,474			-43,708				151,766	
	408102918				173,000			-25,478				147,522	
	408102919							165,000			-128,413	36,587	2019 tax paid/True-up of expense in 2020
Colorado				2,593			0			3,221		5,814	
Indiana				0			0			3		3	
Montana				29,703			39,886			37,061		106,650	
West Virginia				5,429			1,561			4,904		11,894	
Wyoming				8,723			9,473			9,109		27,304	
Totals		61,660,099	680,250	65,891	61,223,210	1,203,810	73,384	46,698,482	814,070	71,265	15,645,416	188,135,877	

<sup>1</sup> Arkansas taxes paid in year following the Tax Year (year liability incurred)

<sup>2</sup> Louisiana taxes paid primarily paid by 12/31 of the Tax Year (year liability incurred)

<sup>3</sup> Oklahoma taxes paid 1/2 in Tax Year (year liability incurred) and 1/2 in following year

<sup>4</sup> Texas taxes paid partially in October of the Tax Year (year liability incurred) and balance due 1/31 of the following year

## Staff's 5th Assignments

**SOUTHWESTERN ELECTRIC POWER COMPANY****Ad Valorem Taxes****For the Test Year Ended March 31, 2020****Staff 5-16, Item d****Property taxes charged to electric expense for test year**

Month-Year	408100517	408100518	408100519	408100520	408102917	408102919	408102920	Grand Total
Apr-19	10,459.70		5,413,399.00		-11,473.67	13,750.00		5,426,135.03
May-19	10,459.70	-102,519.93	5,413,399.00			13,750.00		5,335,088.77
Jun-19	10,459.70		5,013,397.00			13,750.00		5,037,606.70
Jul-19	10,459.70		5,346,730.00			13,750.00		5,370,939.70
Aug-19	10,459.70	15.74	5,346,730.00			13,750.00		5,370,955.44
Sep-19	10,459.70		5,346,730.00			13,750.00		5,370,939.70
Oct-19	10,459.70	0.01	5,346,730.00			13,750.00		5,370,939.71
Nov-19	10,459.70		5,346,730.00			13,750.00		5,370,939.70
Dec-19	10,459.70		3,614,810.76			13,952.00		3,639,222.46
Jan-20	10,459.70			5,429,460.00			13,750.00	5,453,669.70
Feb-20	10,459.70		-211,486.02	5,429,460.00		-22,784.43	13,750.00	5,219,399.25
Mar-20	10,459.70		0.00	5,429,460.00			9,750.00	5,449,669.70
<b>Total</b>	<b>125,516.40</b>	<b>-102,504.18</b>	<b>45,977,169.74</b>	<b>16,288,380.00</b>	<b>-11,473.67</b>	<b>101,167.57</b>	<b>37,250.00</b>	<b>62,415,505.86</b>

**SOAH DOCKET NO. 473-21-0538  
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION  
STAFF'S FIFTH REQUEST FOR INFORMATION**

**Question No. Staff 5-21:**

Refer to the electronic workbook for WP A-3.13.1 (ad valorem) and provide a description of each leased property included in the amounts in cells E30 through E35. Please also: a) Provide the amounts for each of these items on SWEPCO's books at the end of the test year in Docket No. 46449 and the amount included in ad valorem taxes in that case related to each. b) If the treatment of these items by the taxing jurisdictions have changed since Docket No. 46449, provide a detailed explanation of the different treatment. c) Confirm that these amounts were removed from rate base on Schedule B-1.5.1 because "these lease payments are included in cost of service, as discussed in the testimony of Mr. Michael Baird." d) Provide evidence that such leased properties are considered tangible property subject to ad valorem taxes in the applicable taxing jurisdiction and that SWEPCO is the party assessed the tax separately from the lease payments included in operating expense as discussed in the testimony of Mr. Baird at page 43.

**Response No. Staff 5-21:**

See attached Staff 5-21 Attachment 1.

Prepared By: James D. Spring

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

**Staff's 5th Assignments**  
**SOUTHWESTERN ELECTRIC POWER COMPANY**  
**Ad Valorem Taxes**  
**For the Test Year Ended March 31, 2020**

**Staff 5-21**

*Q. Provide a description of each leased property included in the amounts cells E30 through E35*

A. There are thousands of individual leased assets on SWEPCo's books included in the accounts below. Generally they consist of tangible personal property or improvements that can be categorized as follows:

Leased Batteries and Power Systems  
 Leased Communication Equipment  
 Leased Computers and Computing Equipment, including Servers  
 Leased LAN/WAN Networks  
 Leased Miscellaneous Equipment  
 Leased Miscellaneous Power Plant Equipment  
 Leased Office Furniture and Equipment  
 Leased Radio Systems  
 Leased Railroad Cars  
 Leased SCADA  
 Leased Structure and Improvements  
 Leased Telephone Systems  
 Leased Transport Networks  
 Leased Transportation Equipment

**Staff 5-21, Item a**

	03-31-2020 Plant Balance Subject To Ad valorem Tax	06-30-2016 Plant Balance Subject To Ad valorem Tax
1011001 Capital Leases	53,016,644	48,393,074
1011006 Prov-Leased Assets	-23,188,269	-18,190,122
1011012 Accrued Capital Leases	229,699	116,381
1011031 Operating Lease*	52,090,397	0
1011032 Accrued Operating Leases*	506,079	0
1011036 Prov - Operating Lease Assets*	-7,877,254	0

\*In 2016, FERC did not require the Company to record operating leases on the books.

The Company had taxable assets on operating leases in 2016, but they were not required to be filed on the FERC Form 1, but they were filed on ad valorem tax renditions

**Staff 5-21, Item b**

The tax treatment of these items by taxing jurisdiction has not changed since Docket No. 46449, they were taxable then and they continue to be taxable, only the FERC Form 1 reporting of these assets has changed.

**Staff 5-21, Item c**

These amounts were removed from rate base on Schedule B-1.5.1. However WP A-3.13.1 concerns ad valorem taxes assessed on these assets which are not included in the lease payments.

**Staff 5-21, Item d**

All of the Company's territory states tax real and tangible personal property. The equipment recorded in these accounts is primarily tangible personal property. As for proof of taxability, the Company offers the following from Texas Tax Code:

**Texas Tax Code, Title 1. Property Tax Code, Subtitle A. General Provisions,**  
**Chapter 1. General Provisions, Section 1.04. Definitions**

- (1) "Property" means any matter or thing capable of private ownership.
- (2) "Real property" means:
  - (A) land;
  - (B) an improvement;
  - (C) a mine or quarry;
  - (D) a mineral in place;
  - (E) standing timber;
  - (F) an estate or interest, other than a mortgage or deed of trust creating a lien...
- (3) "Improvement" means:
  - (A) a building, structure, fixture, or fence erected on or affixed to land;
  - (B) a transportable structure...
- (4) "Personal property" means property that is not real property.
- (5) "Tangible personal property" means personal property that can be seen, weighed, measured, felt, or otherwise perceived by the senses, but does not include a document or other perceptible object that constitutes evidence of a valuable interest, claim, or right and has negligible or no intrinsic value.

**Texas Tax Code, Title 1. Property Tax Code, Subtitle C. Taxable Property and Exemptions,**  
**Chapter 11. Taxable Property and Exemptions, Section 11.01. Real and Tangible Personal Property**

- (a) All real and tangible personal property that this state has jurisdiction to tax is taxable unless exempt by law.
- (b) This state has jurisdiction to tax real property if located in this state.
- (c) This state has jurisdiction to tax tangible personal property if the property is:
  - (1) located in this state for longer than a temporary period;...

This equipment is leased using financial lease agreements with various lessors. The Company is always contractually responsible for any ad valorem taxes on the equipment regardless of whether it is filed on the Company's tax renditions or filed by the lessors.



## STAFF FICA ADJUSTMENT

Description	SWEPCO Adjustment Total	Staff FICA Adjustment
FICA Adjustment For Base Payroll Adjustment		
SWEPCo Base Payroll -Test Year	121,844,696	
SWEPCo OT	19,534,726	
Special Pay	25,802,121	
Total SWEPCo Test Year Compensation	167,181,544	
SWEPCo Base Test Year Payroll As a % of Total SWEPCo	72.8816670%	
Total FICA Costs	10,808,834	6.4653% effective FICA rate for total TY compensation
FICA Costs Capitalized	(3,837,170)	(10,808,834/167,181,544)
Total FICA Expensed	6,971,664	
% of Compensation Attributable to Base Pay	72.8816670%	
FICA Expensed Attributable to Base Pay	5,081,065	
SWEPCo Proforma Base Payroll	127,315,696.05	544,331 Staff adjustment to SWEPCO's PR
% change in Test Year Payroll	4.4901422%	6.4653% calculated above
Increase (Decrease) FICA Expense For Base Pay	228,147	35,193 Staff Adjustment to FICA for SWEPCO PR adj
FICA Adjustment For Incentive Compensation Adjustment		
% of Compensation Attributable to Special Pay	15.4335944%	
FICA Expensed Attributable to Special Pay	1,075,978.36	
SWEPCo Proforma Special Pay	21,431,029.26	(50,709) Staff Adj. to SWEPCO incentive comp
% of change in Special Pay	-16.9408243%	6.4653% calculated above
Increase (Decrease) FICA Expense for Special Pay	(182,280)	(3,279) Staff Adjustment for FICA SWEPCO Incentive Adj
Total FICA Adjustment SWEPCO	45,867	31,914 Staff total FICA Adjustment for SWEPCO Payroll and Incentive
Adjustment to AEPSC FICA for Staff Payroll and Incentive Adjustments Using effective rate for SWEPCO calculated, above:		
Staff Adjustment to requested AEPSC payroll		(4,480,512)
Effective rate from above		6.4653%
		(289,680) Staff Adjustment for for FICA AEPSC payroll
Staff Adjustment to requested AEPSC Incentive		(6,131)
Effective rate from above		6.4653%
		(396) Staff Adjustment for FICA AEPSC Incentive
		(290,076) Staff total FICA Adjustment for AEPSC
		(258,162) Total Staff FICA Adjustment